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February 16, 2018

VIA U.S. MAIL AND E-MAIL

California School Finance Authority
300 S. Spring St. Suite 8500
Los Angeles, CA 90013

California School Finance Authority
915 Capitol Mall, Suite 516
Sacramento, CA 95814
csfa@treasurer.ca.gov
katrina.johantgen@treasurer.ca.gov

Re: Appeal of California School Finance Authority's Wrongful Denial of Today's Fresh Start Charter School-Inglewood's SB740 Application

Dear Members of the California School Finance Authority:

We submit this appeal to the California School Finance Authority ("CSFA") Board on behalf of Today's Fresh Start Charter School-Inglewood ("TFSCS-Inglewood") for the wrongful denial of TFSCS-Inglewood's application for funding under the Charter School Facility Grant Program ("SB740"). The purpose of the SB740 program is to provide charter schools such as TFSCS-Inglewood, a school where approximately 95% of its students are eligible for free or reduced price meal benefits, funding to assist with rent or lease payments. CSFA should approve TFSCS-Inglewood's SB740 application because it is consistent with the SB740 program's statutory mandate and with CSFA's prior representations that TFSCS-Inglewood could use SB740 funds for Charter School Facilities Program ("CSFP") local match payments.

TFSCS-Inglewood raised these substantive arguments on appeal to CSFA staff, but on January 19, 2018, CSFA staff denied the appeal relying solely upon 4 Cal. Code Regs. § 10170.4(b)(4) ("Section 10170.4(b)(4)"). CSFA's reliance on Section 10170.4(b)(4) to deny TFSCS-Inglewood's application is inconsistent with the statutes governing the SB740 and CSFP programs. CSFA adopted Section 10170.4(b)(4) **after** TFSCS-Inglewood elected to participate in the CSFP. Therefore, CSFA should not retroactively apply Section 10170.4(b)(4) against TFSCS-Inglewood after the school and CSFA already entered into the CSFP funding arrangement that explicitly contemplated

and quantified the school's use of SB740 reimbursement for the CSFP local match. We urge the CSFA Board to remedy this injustice and approve TFSCS-Inglewood's SB740 application.

Factual Background

TFSCS-Inglewood is a public charter school operated by a nonprofit charity called "Today's Fresh Start" that serves a predominantly African American and Latino population who are among the most socioeconomically disadvantaged pupils in the region and state. In an effort to provide these students an improved learning environment, TFSCS-Inglewood underwent the process of renovating its school site located at 3405 W. Imperial Highway, Inglewood, CA 90303 ("Inglewood Facility") with the assistance of state funds through the Charter School Facilities Program ("CSFP"). Today's Fresh Start holds and manages the Inglewood Facility as a trustee for the benefit of the California public school system. Under the CSFP, a schedule of lease payments was established *in lieu* of the local matching share. (See Ed. Code, § 17078.57.)

Until recently, there existed a demonstrable understanding between Today's Fresh Start and CSFA that TFSCS-Inglewood could receive funding under SB740 to assist with these lease payments. CSFA staff made numerous requests (as far back as a decade ago) to Today's Fresh Start for budgetary documentation to evaluate and determine TFSCS-Inglewood's financial soundness to qualify for an apportionment under the CSFP. In every instance the documentation stated and relied upon SB740 for its budget projections and soundness. For example, on October 10, 2012, David S. Weinberg, Analyst at CSFA, specifically requested that Today's Fresh Start provide an adopted budget and financial projections in order for CSFA to complete its financial soundness determination. (See Exhibit 1.)

In response to these requests, Today's Fresh Start submitted comprehensive financial information to CSFA, including multi-year projected budgets through 2017. (See Exhibit 2.) The budgets explicitly project funding under the "Charter School Facility Grant Program (SB740)" for each and every school year as revenue of the school. (Exhibit 2, pgs. 2, 9.) The January 2013 CSFA Staff Summary Report laid out these same revenue projections from 2012 through 2017 as "Total Revenue Available for CSFP Lease Payment," and recommended that the CSFA Board determine TFSCS-Inglewood to be financially sound. (Exhibit 3, pgs. 1, 9.) CSFA thus explicitly affirmed that SB740 funds were "available" for the local match lease payments. CSFA's own financial projections identify SB740 funds as "Revenue Available for CSFP Lease Payments" – the very projections the CSFA Board relied upon in finding Today's Fresh Start financially sound for purposes of receiving the Final Apportionment under the CSFP.

On October 13, 2017, CSFA denied TFSCS-Inglewood's SB740 application based upon Section 10170.4(b)(4).¹ TFSCS-Inglewood submitted an appeal on November 13, 2017 demonstrating that the school's receipt of SB740 funds is entirely consistent with SB740's enabling statute and with CSFA's prior approval of the use of SB740 funds as part of the CSFP. Further,

¹ Section 10170.4(b)(4) was initially promulgated as an emergency regulation in 2015. TFSCS-Inglewood has submitted numerous comments throughout the adoption process objecting to and challenging the enforceability of Section 10170.4(b)(4).

CSFA's reliance on Section 10170.4(b)(4) was misguided because the regulation lacks authority and is inconsistent with SB740's enabling statute.

Two weeks later, CSFA Executive Director Katrina Johantgen responded with a request for evidence that TFSCS-Inglewood is in good standing with its chartering authority. It appeared that CSFA was searching for a technical reason to deny TFSCS-Inglewood's SB740 application in order to avoid having to address the merits of TFSCS-Inglewood's substantive appeal. TFSCS-Inglewood thereafter provided evidence demonstrating its good standing with Inglewood Unified School District. On January 19, 2018, CSFA issued a letter denying TFSCS-Inglewood's appeal by once more citing only to Section 10170.4(b)(4). This appeal is submitted to allow CSFA to remedy its error that robs some of the most socioeconomically disadvantaged children in the state of the funding they are entitled to under law.

TFSCS-Inglewood is Eligible for SB740 Funding under the Enabling Statute

A review of the enabling statute makes clear that TFSCS-Inglewood's facility costs under the CSFP are eligible for funding under SB740. According to this statute, the intent of the SB740 program is "to provide assistance with facilities rent and lease costs for pupils in charter schools." (Ed. Code, § 47614.5(a), emphasis added.) Indeed, the statute provides that the grants funds "shall be used for costs associated with facilities rents and leases," and "may also be used for costs, including, but not limited to, costs associated with remodeling buildings. . . and improving sites." (Ed. Code, § 47614.5(f).) Here, Today's Fresh Start's application sought funding that satisfies both permissible appropriations, namely, to satisfy lease payments related to improvements at its Inglewood Facility. Moreover, not only does the statute explicitly enumerate the permissible purposes for funding sought by Today's Fresh Start, but the statute expressly provides that the funds may be appropriated for other costs as well.

TFSCS-Inglewood's lease payments fall squarely within SB740's statutory parameters. When enacted, the Legislature clearly defined the SB740 program's boundaries. Education Code § 47614.5(e) lists the expenses that SB740 funding may not be applied towards, none of which concern the application submitted by Today's Fresh Start.

It is surprising, therefore, that CSFA denied the application for funding to satisfy lease payments related to improvements to the Inglewood Facility, not on the basis of the statute's proscribed uses, but solely pursuant to a regulation CSFA itself promulgated—namely, Section 10170.4(b)(4).

Section 10170.4(b)(4) Lacks Statutory Authorization and Is Inconsistent with SB740 and the CSFP

Section 10170.4(b)(4) is Inconsistent with Education Code § 47614.5

First, Section 10170.4(b)(4) impermissibly amends and is inconsistent with SB740's well-defined parameters by prohibiting appropriation of SB740 funds for "certain" lease payments. "[A]n agency does not have discretion to promulgate regulations that are inconsistent with the governing statute, alter or amend the statute, or enlarge its scope." (*California School Bds. Assn. v. State Bd. of Education* (2010) 191 Cal.App.4th 530, 544.) Yet, Section 10170.4(b)(4) unequivocally alters and amends Education Code § 47614.5. The Legislature has enumerated expenses excluded from

SB740 funding under Education Code § 47614.5(e). Lease payments qualifying for the CSFP local match are not excepted.

Section 10170.4(b)(4) is also not “reasonably necessary to effectuate the purpose of the statute.” (See, e.g., *Slocum v. State Bd. of Equalization* (2005) 134 Cal.App.4th 969, 974 (“[N]o regulation adopted is valid or effective unless consistent and not in conflict with the statute and reasonably necessary to effectuate the purpose of the statute”).) Thus, were a court to examine the regulation’s inconsistency with the governing statute, it would be the court’s *duty* to strike the regulation down. (See, e.g., *California School Bds. Assn. v. State Bd. of Education* (2010) 191 Cal.App.4th 530, 544.) Accordingly, reliance on Section 10170.4(b)(4) to deny SB740 funding is unsupportable here.

Without providing any legal authority or analysis, CSFA concludes in its Statement of Reasons that Section 10170.4(b)(4) is enforceable because appropriating SB740 funds to make CSFP lease payments “could be deemed as ‘double dipping.’” (See Exhibit 4.) CSFA ignores *who* it is that might “deem” that to be so. If it means the CSFA staff itself might “deem” it so, that is quite simple to address. The CSFA staff and Board have already “deemed” that it is *not* impermissible in this instance, because the CSFA already authorized TFSCS’ CSFP project with SB740 assistance explicitly included as part of the local match. In any event, CSFA admits that such a conclusion is by no means certain (i.e., it “*could*” be deemed.) Even ignoring the circumstances where the alleged “double dipping” is allowed to occur under the law, such as how the state can fund construction costs without local matching obligations for small districts that have a local bonding capacity of under \$5,000,000, CSFA’s double-dipping rationale not only lacks legal merit, but defies well-settled law. (See 2 Cal. Code. Regs., § 1859.81(c).)

The time of enactment is instructive here. SB740 was enacted in 2001 to help reimburse lease or rental costs. By comparison, Proposition 55 was passed in 2004. The CSFP, which was enacted years after SB740, *expressly allows* charter schools to make lease payments in lieu of the local matching share. (See Ed. Code, § 17078.57; Exhibit 3.)

Section 10170.4(b)(4) reinterprets the scope of the SB740 program’s lease appropriations in light of *subsequent* legislation. “However, the words of a statute are to be interpreted in the sense in which they would have been understood at the time of the enactment.” (*People v. Cruz* (1996) 13 Cal.4th 764, 778.) Indeed, pursuant to the well-settled rules of statutory construction, a subsequent statute – here, Education Code § 17078.57 – is presumed enacted with an awareness of existing law, and any existing law that is not amended reflects the intent to leave the law as is. (See, e.g., *People v. McClanahan* (1992) 3 Cal.4th 860, 865 (rejecting “draftsman’s oversight” as a rule of statutory construction).)

Thus, SB740 funds are *presumed* to apply to CSFP lease payments. The Legislature made it clear that charter schools could sign a thirty-year lease with the state, like TFSCS-Inglewood did here, in order to meet its CSFP local match obligation. And these lease payments can be made with SB740 funds, because SB740 funds are intended to assist schools with “rent and lease costs.” (Education Code § 47614.5(a).)

Section 10170.4(b)(4) is Inconsistent with Education Code § 17078.57

Section 10170.4(b)(4) is also inconsistent with Education Code § 17078.57, and therefore the regulation cannot and should not be enforced against TFSCS-Inglewood. In pertinent part, Education Code § 17078.57 states that CSFA shall adopt regulations to address how charter schools can satisfy its CSFP local match requirements and that these: “regulations shall comply with all of the following criteria: ... [(a)(1)(B)] The payment process shall permit lump-sum local matching payments and shall permit establishment of a schedule for lease payments to be made in lieu of the local matching share.” (Ed. Code § 17078.57, emphasis added.)

Education Code § 17078.57 expressly provides the options that a charter school has when deciding how it will satisfy its local matching share, which includes “lease payments.” Here, TFSCS-Inglewood chose to meet its local match obligations by executing the thirty-year lease option *in lieu* of taking a loan or paying the local match in cash. This lease method is an allowable option pursuant to Education Code § 17078.57(a)(1)(B) and it cannot be negated by Section 10170.4(b)(4), a regulation that is inconsistent with the Legislative intent that is clearly set forth in the statute.

Education Code § 17078.57 prohibits the adoption of regulations that are inconsistent with the statute’s proscribed options for a charter school to pay its local matching share. Section 10170.4(b)(4) was adopted after the enactment of Education Code § 17078.57. Section 10170.4(b)(4) is inconsistent with Education Code § 17078.57(a)(1)(B) because it restricts a charter school’s ability to make lease payments, in this case with SB740 funds, to meet its local match obligations. Therefore, CSFA’s reliance on this regulation to deny TFSCS-Inglewood’s SB740 application is not only inconsistent with Education Code § 17078.57, but its enforcement is prohibited by operation of law. (See *Slocum v. State Bd. of Equalization* (2005) 134 Cal.App.4th 969, 974 (“[N]o regulation adopted is valid or effective unless consistent and not in conflict with the statute and reasonably necessary to effectuate the purpose of the statute.”).)

CSFP Lease Payments are Not Loans under CSFP Statutes or Agreements

CSFA has previously asserted SB740 funding may not be appropriated for CSFP lease payments because the subsequently enacted Education Code § 17078.63(a) refers to CSFP lease payments as a “loan”, and loans are not eligible for SB740 funding. This argument is flawed for a number of reasons. First and foremost, the parties’ Memorandum of Understanding (“MOU”) and Funding Agreement, which predate the adoption of Section 10170.4(b)(4) by more than four years, explicitly state in a fully binding manner that “the obligation to make payments does *not* constitute an indebtedness of the Charter School....” (See MOU attached as Exhibit 5, section 2.4 B. “Payments”; see Funding Agreement attached as Exhibit 6, section 2.5 B “Payments”).)

Next, even if the MOU did not explicitly state that the payments are not a “loan” or debt service of any kind, legal analysis always begins with the plain language of the statutes under consideration. (*Lungren v. Deukmejian* (1988) 45 Cal.3d 727, 735.) Here, Education Code § 17078.57 explicitly refers to the payments at issue as “lease payments”. Indeed, the language of Education Code § 17078.57 was revised shortly after enactment to include the term “lease” before “payments” throughout the section, underscoring the Legislature’s understanding that the CSFP payments are, in fact and law, *lease* payments. In light of the foregoing, CSFA’s reference to and

reliance upon the subsequently enacted Education Code § 17078.63(a) is immaterial. (See, e.g., *Peralta Community College Dist. v. Fair Employment & Housing Com.* (1990) 52 Cal.3d 40, 52 (declaration of later legislation of little weight in determining the relevant intent of the enacting Legislature).) In any event, it does not follow that CSFP lease payments are not a lease merely because a different statute refers to payments made under section 17078.57 as a loan. As the courts have explained, statutory constructions which render some words mere surplusage should be avoided. (*People v. Woodhead* (1987) 43 Cal.3d 1002, 1010.)

Accordingly, CSFA's rationalization that Section 10170.4(b)(4) "is nothing more than clarifying existing law" is without merit. In fact, the Second District Court of Appeal – the appellate district wherein Today's Fresh Start operates – recently rejected the use of qualifying provisions to determine whether a lease is "true" or "genuine" under provisions of the Education Code. In *McGee v. Balfour Beatty Construction, LLC* (2016) 247 Cal.App.4th 235, 244, the court held that employing additional factors to determine whether a lease qualified as a "true" lease under Education Code § 17406 was tantamount to "rewrit[ing] the statute." Section 10170.4(b)(4) is no different. As the court explained in *Estate of Griswold* (2001) 25 Cal.4th 904, 917, "[w]e may not, under the guise of interpretation, insert qualifying provisions not included in the statute."

CSFA Approved TFSCS-Inglewood's Plan to Make CSFP Lease Payments with SB740 Assistance

CSFA Should Grant TFSCS-Inglewood's Appeal Because CSFA Previously Approved the School's Plan to Use SB740 Funds for CSFP Local Match Payments

Today's Fresh Start's CSFP project is roughly \$19 million, and is beneficially owned by the state. That the local match mechanism is a lease is beyond dispute. Education Code § 17078.63 makes clear that the California public school system is the sole beneficiary of the Inglewood Facility and Today's Fresh Start is the trustee of the property. When Today's Fresh Start applied for and obtained Proposition 55 funds under the CSFP, the applicant and State anticipated that the SB740 rent-lease reimbursement would be applied to the annual CSFP lease payments.

Today's Fresh Start provided financial information that *explicitly set forth the expectation* that TFSCS-Inglewood would obtain SB740 funds. (Exhibit 2, pgs. 2, 9; Exhibit 3, pg. 1.) CSFA relied on this information to issue its financial soundness determination that considered the school's ability to pay the matching share based upon the SB740 reimbursement for "lease payments." (Exhibit 3.) Throughout that process, both Today's Fresh Start and CSFA expressed an understanding that TFSCS-Inglewood could use SB740 funds to pay its local match through lease payments.

There was no indication during that process, including when the parties executed funding agreements, that CSFA would subsequently adopt Section 10170.4(b)(4) or any other regulation that would thwart or fundamentally undermine the funding agreement. If Today's Fresh Start was aware that CSFA intended to prohibit the use of SB740 funds for CSFP local match, it could and would have considered other options to fund the improvement of the Inglewood Facility. CSFA made an abrupt about-face by adopting Section 10170.4(b)(4), thus undermining TFSCS-Inglewood's school project.

TFSCS-Inglewood reasonably and detrimentally relied on CSFA's prior representations and approval of the school's use of SB740 funds for CSFP local match payments when it elected to participate in the CSFP. The school chose to apply for CSFP funds to improve its facility believing it

was the most effective option for its students. Without SB740 funding, TFSCS-Inglewood would be forced to use funds that would otherwise be dedicated to serving its at-risk students. If this appeal is denied, the school's participation in the CSFP will end up *harming the school and its students*. This unjust result runs counter to the intended purpose of the CSFP program to support schools like TFSCS-Inglewood.

CSFA Should Not Retroactively Apply Section 10170.4(b)(4)

CSFA should not apply Section 10170.4(b)(4) to deny TFSCS-Inglewood's appeal, because the regulation was adopted well after CSFA approved TFSCS-Inglewood's participation in CSFP and the school's planned use of SB740 funds to satisfy the CSFP local matching share.

It is a longstanding principle in California that statutes operate *prospectively* unless the Legislature has clearly indicated it intended retroactive or retrospective application. (*Western Security Bank v. Superior Court* (1997) 15 Cal. 4th 232, 243.) Government Code § 11343.4 sets forth that administrative regulations may only be applied retroactively in limited circumstances, including pursuant to its enabling statute. None of those limited circumstances are present here.

Section 10170.4(b)(4) was made effective approximately four years *after* CSFA and TFSCS-Inglewood executed the CSFP MOU attached as Exhibit 5. CSFA approved TFSCS-Inglewood for the CSFP program based on the school's financial documentation that expressly indicated it would rely on SB740 funds for the local match. CSFA should not apply Section 10170.4(b)(4) against TFSCS-Inglewood to negate a pre-existing and beneficial aspect of the school's participation in the CSFP.

Further, CSFA can rely on these principles here without "opening the floodgates" on Section 10170.4(b)(4). The universe of similarly-situated SB 740 applicants is quite small—it may be limited to only TFSCS-Inglewood. Although Today's Fresh Start questions the enforceability of Section 10170.4(b)(4), CSFA's approval of TFSCS-Inglewood's SB740 application here would not otherwise invalidate CSFA's ability to apply the regulation prospectively to schools that did not receive CSFA's approval to use SB740 funds for CSFP local match payments.

CSFA Has Not Articulated any Reasonable Justification for A Policy Change on Use of SB740 Funds for CSFP Local Match

CSFA staff appears to justify the policy change limiting the use of SB740 funds simply because it now runs the program—SB740 was previously managed by the California Department of Education ("CDE"). CSFA appears to suggest it was unable to adopt the restrictions of Section 10170.4(b)(4) until it was responsible for management of the SB740 program. However, the fact that CDE ran the program at the time does not absolve CSFA of its responsibility to remedy the harm caused by TFSCS-Inglewood's reasonable reliance on CSFA's representations.

It was CSFA, not CDE, that represented and issued the financial soundness determination that considered TFSCS-Inglewood's ability to pay the local match with SB740 funds (prior to CSFA's adoption of Section 10170.4(b)(4).) Further, CDE played no role whatsoever with regard to TFSCS-Inglewood's SB740 application or the school's CSFP project. The transfer of the SB740 program from CDE to CSFA is beneficial for both parties. It gives CSFA clear authority to approve TFSCS-



Inglewood's SB740 application to ameliorate the distressing harm done to the school and honor its prior approval of the school's planned use of SB740 funds.

Conclusion

CSFA's wrongful denial of TFSCS-Inglewood's SB740 application and attempted retroactive enforcement of Section 10170.4(b)(4) actually harms hundreds of the state's most vulnerable children by obstructing access to funds intended to assist with their school facilities. Today's Fresh Start urges CSFA to grant TFSCS-Inglewood's appeal and award SB740 funds to the charter school.

Sincerely,

A handwritten signature in blue ink, appearing to read "JL", with a long horizontal flourish extending to the right.

John C. Lemmo

Enclosures

JL

cc: Mark Paxson, General Counsel, State Treasurer's Office

EXHIBIT 1

STATE OF CALIFORNIA

CALIFORNIA SCHOOL FINANCE AUTHORITY

304 S. Broadway, Suite 550
Los Angeles, CA 90013
Telephone: (213) 620-4467
Fax: (213) 620-6309



October 10, 2012

Dr. Jeanette Parker, Administrator
Today's Fresh Start Charter School - Inglewood
4514 Crenshaw Blvd.
Los Angeles, CA 90043
Via email: drjeanetteparker@aol.com

Dear Dr. Parker:

Pursuant to your request for additional project costs for Final Apportionment under the Charter School Facilities Program, staff of the California School Finance Authority is conducting a review of Today's Fresh Start (TFS) to determine the school's continued financial soundness.

In order to complete our financial soundness review of TFS, please submit the following information and/or documentation.

1. Status of the applicant project, and/or updates regarding the scope, timeline, location and address of the CSFP-funded project, as well as the anticipated date of project occupancy and student capacity;
2. Audited financial statements or unaudited actuals for FY 2012, along with the P-2 report for 2011-12 (all TFS schools);;
3. Adopted Budget for FY 2013, along with assumptions;
4. Updated financial projections through at least two fiscal years after the first full year of project occupancy, along with assumptions. Please ensure that your assumptions include the following general purpose block grant rates of \$5,077, \$5,153 and \$5,306 for grades K-3, 4-6, and 7-8, respectively (current year) and cost of living adjustments on these rates of 0% for each of 2013-14 and 2014-15, and 2.5% for each subsequent year (identify donation/contributions revenue as a separate line item within your revenue audits and projections, where applicable);;
5. Current and projected enrollment, by grade (current enrollment based on CBEDS for 2012-13), through at least the first two fiscal years after the first full year of project occupancy, number of students on the current waiting list, and year-to-year retention rates for the past two academic years;
6. Identification of any changes to the Board of Directors since spring 2012;

7. List of key staff members and copies of resumes for any staff members who have started since Spring 2012;
8. Copy of the current charter, if different than provided previously, and notification of any recent changes to the charter or the memorandum of understanding with the chartering entity.
9. Notification of all material contracts that are in excess of five percent of the charter school's gross revenues and any additional material changes which may have an impact on TFS's financial condition;
10. Status of TFS's reservation of funds for purposes of making a lump sum contribution towards the CSFP-funded project, if applicable; and
11. Current Legal Status Questionnaire (attached).

Please submit the requested information electronically to my email address identified below by October 24, 2012. If you have any questions, please contact me at (213) 620-6360.

Sincerely,



David S. Weinberg, Analyst
Email address: dweinberg@treasurer.ca.gov

Enclosure

LEGAL STATUS QUESTIONNAIRE

1. Disclose material information relating to any legal or regulatory proceeding or investigation in which the applicant/borrower/project sponsor is or has been a party and which might have a material impact on the financial viability of the project or the applicant/borrower/project sponsor. Such disclosures should include any parent, subsidiary, or affiliate of the applicant/borrower/project sponsor that is involved in the management, operation, or development of the project.

Response: _____

2. Disclose any civil, criminal, or regulatory action in which the applicant/borrower/project sponsor, or any current board members (not including volunteer board members of non-profit entities), partners, limited liability corporation members, senior officers, or senior management personnel has been named a defendant in such action in the past ten years involving fraud or corruption, or matters involving health and safety where there are allegations of serious harm to employees, the public, or the environment.

Response: _____

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome.

Certifications on behalf of Today's Fresh Start Charter School:

I/We attest that we have provided full disclosure in response to the items #1 and #2 above.

Signature of Principal, CEO, or Lead Administrator

Date

Print or Type Name:

Signature of President or Chair of Governing Board

Date

Print or Type Name:

EXHIBIT 2

Today's Fresh Start Charter School

Multi-Year Budget Summary

SBE & Inglewood Charters

| EXECUTIVE SUMMARY | | Ordinal Year | | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
|--------------------------------------------------------|--|--------------|------------------|-----------|-----------|------------|------------------|
| | | Fiscal Year | 2012-2013 | | | | |
| | | SACS Code | Projected Budget | | | | |
| Budget Type | | Code | Budget | Budget | Budget | Budget | Projected Budget |
| Key Budget and Financial Variables: Enrollment and ADA | | | | | | | |
| School Enrollment | | | 866 | 963.75 | 1125.4 | 1132.2725 | 1140.064875 |
| School ADA at P-2 | | | 823 | 916 | 1069 | 1076 | 1083 |
| Ratio of P-2 ADA Enrollment | | | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| A. Revenues: | | | | | | | |
| State Programs ^(a) | | | 6,366,197 | 7,019,714 | 8,192,656 | 8,381,511 | 8,589,680 |
| Federal Programs | | | 683,508 | 728,490 | 802,878 | 806,041 | 809,627 |
| Local Programs | | | - | - | - | - | - |
| Total Revenues | | | 7,049,704 | 7,748,204 | 8,995,534 | 9,187,552 | 9,399,307 |
| B. Expenditures: | | | | | | | |
| Certificated Salaries | | | 2,427,658 | 2,695,767 | 3,175,696 | 3,296,188 | 3,371,345 |
| Classified Salares | | | 972,749 | 999,013 | 1,025,986 | 1,053,688 | 1,082,138 |
| Employee Benefits | | | 558,351 | 600,364 | 674,672 | 692,981 | 704,308 |
| Subtotal Compensation Costs | | | 3,958,758 | 4,295,145 | 4,876,354 | 5,042,857 | 5,157,790 |
| Books & Supplies | | | 472,011 | 483,131 | 533,951 | 488,835 | 495,892 |
| Services & Operational Expenses | | | 1,195,057 | 1,240,016 | 1,597,293 | 1,639,122 | 1,681,958 |
| Capital Outlay - Depreciation | | | - | - | - | - | - |
| Other Outgo | | | - | - | - | - | - |
| Direct Support/Indirect Costs | | | - | - | - | - | - |
| Total Expenditures | | | 5,625,826 | 6,018,292 | 7,007,598 | 7,170,814 | 7,335,640 |
| Net Operations: Sub Total | | | 1,423,879 | 1,729,912 | 1,987,936 | 2,016,738 | 2,063,667 |
| C. Other Financings/Sources/Uses | | | Total | | | | |
| Plus: Loans and Transfers In | | | | | | | |
| Less: Transfers Out and Other Uses | | | | | | | |
| Net: Total Other Financings | | | - | - | - | | |
| Total Net Change | | | 1,423,879 | 1,729,912 | 1,987,936 | 2,016,738 | 2,063,667 |
| Beginning Balance | | | 4,844,591 | 6,268,470 | 7,998,382 | 9,986,318 | 12,003,056 |
| Ending Balance | | | 6,268,470 | 7,998,382 | 9,986,318 | 12,003,056 | 14,066,723 |

(a) Includes payments made via District for in-lieu property tax funding

Today's Fresh Start Charter School
Multi-Year Budget Summary

SBE & Inglewood Charters

| Budget Type | Ordinal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
|-------------------------------------------------------------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|
| | Fiscal Year | Projected | Projected | Projected | Projected | Projected |
| | SACS Code | Budget | Budget | Budget | Budget | Budget |
| REVENUES | | | | | | |
| State Programs | | | | | | |
| Charter School General Purpose Block Grant ^(a) | | \$ 4,206,216 | \$4,692,351 | \$ 5,478,231 | \$ 5,658,642 | \$ 5,849,124 |
| Charter School Categorical Grant Allocations | | 411,350 | 457,781 | 534,565 | 551,275 | 568,946 |
| California Lottery - Restricted Funds - Prop 20: Instructional Mat | | 10,235 | 11,929 | 13,276 | 15,890 | 16,387 |
| California Lottery - Unrestricted Funds - Non-Prop 20 | | 78,349 | 91,320 | 101,627 | 121,640 | 125,443 |
| CA Primary (K-3) Class Size Reduction (E.C. 42120 et seq.) | | 627,264 | 621,819 | 740,357 | 686,635 | 640,281 |
| Economic Impact Aid | | 421,451 | 464,179 | 530,152 | 545,755 | 562,128 |
| Subtotal, Major State Programs | | 5,754,865 | 6,339,378 | 7,398,207 | 7,579,836 | 7,762,308 |
| ^(a) Includes payments made via District for in-lieu property tax funding | | | | | | |
| Other State Programs | | | | | | |
| ARRA Funding | | - | - | - | - | - |
| Other State Revenue | | 13,139 | 14,622 | 17,074 | - | - |
| Community-Based English Tutoring (CBET) Program | | - | - | - | - | - |
| Secondary School Counselors | | - | - | - | - | - |
| Special Education SELPA Funding | | 167,436 | 186,335 | 217,589 | 224,391 | 231,584 |
| Charter School Facility Grant Program (SB740) | | 430,757 | 479,379 | 559,785 | 577,284 | 595,788 |
| Subtotal, Other State Programs | | 611,331 | 680,336 | 794,449 | 801,675 | 827,372 |
| Total State Programs | | \$ 6,366,197 | \$7,019,714 | \$ 8,192,656 | \$ 8,381,511 | \$ 8,589,680 |
| Federal Programs | | | | | | |
| NCLB: Title I, Part A, Basic Grants Low-Income and Neglected | | \$ 343,879 | \$ 382,695 | \$ 446,884 | \$ 449,613 | \$ 452,707 |
| NCLB: Title II | | 19,823 | 22,060 | 25,760 | 25,918 | 26,096 |
| NCLB: Title III | | 34,813 | 38,743 | 45,241 | 45,517 | 45,831 |
| NCLB: Title IV | | | | | | |
| Other Federal Programs | | | | | | |
| National School Lunch Program | | 284,993 | 284,993 | 284,993 | 284,993 | 284,993 |
| Total Federal Programs | | \$ 683,508 | \$ 728,490 | \$ 802,878 | \$ 806,041 | \$ 809,627 |
| Local Programs | | | | | | |
| Donations | | | | | | |
| Interest | | | | | | |
| Total Local Programs | | - | - | - | - | - |
| TOTAL REVENUES | | \$ 7,049,704 | \$7,748,204 | \$ 8,995,534 | \$ 9,187,552 | \$ 9,399,307 |

**Today's Fresh Start Charter School
Multi-Year Budget Summary**

SBE & Inglewood Charters

| Budget Type | Ordinal Year | | | | | |
|-------------------------------------------------------------------|---------------------|--------------|--------------|--------------|---------------|---------------|
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| | SACS | Projected | Projected | Projected | Projected | Projected |
| | Code | Budget | Budget | Budget | Budget | Budget |
| EXPENDITURES | | | | | | |
| Certificated Salaries | 1000-1999 | 2,427,658 | 2,695,767 | 3,175,696 | 3,296,188 | 3,371,345 |
| Classified Salaries | 2000-2999 | 972,749 | 999,013 | 1,025,986 | 1,053,688 | 1,082,138 |
| Employee Benefits | 3000-3999 | 558,351 | 600,364 | 674,672 | 692,981 | 704,308 |
| Books & Supplies | 4000-4999 | 472,011 | 483,131 | 533,951 | 488,835 | 495,892 |
| Services & Operational Expenses | 5000-5999 | 1,195,057 | 1,240,016 | 1,597,293 | 1,639,122 | 1,681,958 |
| Capital Outlay - Depreciation | 6000-6999 | - | - | - | - | - |
| Other Outgo | 7100-7299 | | | | | |
| Direct Support/Indirect Costs | 7300-7399 | | | | | |
| TOTAL EXPENDITURES | | 5,625,826 | 6,018,292 | 7,007,598 | 7,170,814 | 7,335,640 |
| BUDGET SURPLUS/(DEFICIT) | | 1,423,879 | 1,729,912 | 1,987,936 | 2,016,738 | 2,063,667 |
| OTHER FINANCING SOURCES/USES | | | | | | |
| Interfund/Transfers | 8610-8929 7610-7629 | | | | | |
| Sources | 8930-8979 | | | | | |
| Uses | 7630-7699 | | | | | |
| TOTAL OTHER FINANCING SOURCES/USES | | | | | | |
| NET INCREASES/(DECREASE) | | | | | | |
| IN FUND BALANCE | | \$ 1,423,879 | \$ 1,729,912 | \$ 1,987,936 | \$ 2,016,738 | \$ 2,063,667 |
| FUND BALANCE | | | | | | |
| Beginning Fund Balance | | | | | | |
| As of July 1, Unaudited | 9791 | 4,844,591 | 6,268,470 | 7,998,382 | 9,986,318 | 12,003,056 |
| Plus/(Minus) Audit Adjustments | 9793 | | | | | |
| As of July 1, Audited | | 4,844,591 | 6,268,470 | 7,998,382 | 9,986,318 | 12,003,056 |
| Other Restatements | 9795 | | | | | |
| Net Beginning Balance | | 4,844,591 | 6,268,470 | 7,998,382 | 9,986,318 | 12,003,056 |
| Ending Fund Balance, June 30 | | \$ 6,268,470 | \$ 7,998,382 | \$ 9,986,318 | \$ 12,003,056 | \$ 14,066,723 |
| COMPONENTS FOR ENDING FUND BALANCE | | | | | | |
| Designated Amounts | 9770 | 225,033 | 240,732 | 280,304 | 286,833 | 293,426 |
| Designated for Economic Uncertainty | | | | | | |
| currently set at greater of \$44,000 or 4% of Total Expenditures: | | 4% | 4% | 4% | 4% | 4% |
| Other Designations - Food Service Program | 9780 | | | | | |
| Unappropriated Amount | 9790 | \$ 6,043,437 | \$ 7,757,650 | \$ 9,706,014 | \$ 11,716,224 | \$ 13,773,297 |
| TOTAL COMPONENTS FOR | | | | | | |
| Ending Fund Balance, June 30 | | \$ 6,268,470 | \$ 7,998,382 | \$ 9,986,318 | \$ 12,003,056 | \$ 14,066,723 |

Today's Fresh Start Charter School

Expenditure Worksheet - Compensation

SBE & Inglewood Charters

| | Ordinal Year | | | | | | | |
|------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--------------------------------------------|
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | | |
| | SACS | Projected | Projected | Projected | Projected | Projected | | |
| Budget Type | Code | Budget | Budget | Budget | Budget | Budget | | Comments |
| Certificated Salaries | 1000-1999 | | | | | | | |
| Certificated Salaries | 1100-1199 | 2,064,343 | 2,322,642 | 2,792,497 | 2,902,643 | 2,967,173 | | |
| Teachers - Regular Program | 1100 | | | | | | | (used to project annual revenue increases) |
| Other Teacher Salaries | | | | | | | | |
| Teacher - Combo Classes | 1110 | 102,195 | 104,954.47 | 107,788.24 | 110,698.52 | 113,687.38 | | |
| Teacher - Special Education | 1110 | 59,597 | 61,206 | 62,858 | 64,555.65 | 66,298.65 | | for comparison to Statutory COLA |
| Substitute Teacher Costs | | | | | | | | for comparison to Statutory COLA |
| Day-to-Day Substitutes | 1130 | | | | | | | (used to project annual expense increases) |
| Total Certificated Teacher Salaries | 1000-1199 | \$ 2,226,135 | \$ 2,488,803 | \$ 2,963,144 | \$ 3,077,897 | \$ 3,147,159 | | |
| Other Certificated Employee Salaries | | | | | | | | Annual revenue per P-2 ADA |
| Pupil Support Salaries | 12xx | | | | | | | Annual revenue per P-2 ADA |
| Counselor | 1211 | \$ 47,923 | \$ 49,217 | \$ 50,546 | \$ 51,911 | \$ 53,312 | | |
| Psychologist | 1241 | 66,560 | 68,357 | 70,203 | \$ 72,098 | \$ 74,045 | | |
| Subtotal | 12xx | \$ 114,483 | \$ 117,574 | \$ 120,749 | \$ 124,009 | \$ 127,357 | | Annual revenue per P-2 ADA |
| School Administrator Salaries | 13xx | | | | | | | |
| Principal | 1341 | \$ 87,040 | \$ 89,390 | \$ 91,804 | \$ 94,282 | \$ 96,828 | | |
| Vice Principal | 1351 | - | - | - | \$ - | \$ - | | |
| Subtotal | 13xx | \$ 87,040 | \$ 89,390 | \$ 91,804 | \$ 94,282 | \$ 96,828 | | |
| TOTAL CERTIFICATED SALARIES | 1000-1999 | \$ 2,427,658 | \$ 2,695,767 | \$ 3,175,696 | \$ 3,296,188 | \$ 3,371,345 | | |
| Classified Compensation Costs | 2000-2999 | | | | | | | |
| Classified Salaries | 2000-2999 | | | | | | | |
| Non-Certificated Instructional Salaries | 21xx | | | | | | | |
| Paraprofessional | 2111 | 255,590 | 262,491 | 269,579 | 276,857 | 284,332 | | |
| Teacher Assistant | 2121 | 31,949 | 32,811 | 33,697 | 34,607 | 35,542 | | |
| Subtotal | 21xx | 287,539 | 295,303 | 303,276 | 311,464 | 319,874 | | |
| Pupil Support Salaries | 22xx | | | | | | | |
| Maintenance | 2261 | 79,872 | 82,029 | 84,243 | 86,518 | 88,854 | | |
| Other (Identify) | 2291 | - | - | - | - | - | | |
| Subtotal | 22xx | \$ 79,872 | \$ 82,029 | \$ 84,243 | \$ 86,518 | \$ 88,854 | | |
| Administrator Salaries | 23xx | | | | | | | |
| Site Coordinator | 2341 | 53,606 | 55,054 | 56,540 | 58,067 | 59,635 | | |
| Superintendent | 23x1 | 184,218 | 189,191 | 194,300 | 199,546 | 204,933 | | |
| Subtotal | 23xx | \$ 237,824 | \$ 244,245 | \$ 250,840 | \$ 257,613 | \$ 264,568 | | |
| Clerical, Technical & Other Office Employee Salaries | 24xx | | | | | | | |
| Administrative Assistant | 2421 | 87,040 | 89,390 | 91,804 | 94,282 | 96,828 | | |
| Clerk | 2441 | 230,400 | 236,621 | 243,010 | 249,571 | 256,309 | | |
| Computer Technical Support Staff | 2451 | 50,074 | 51,426 | 52,814 | 54,240 | 55,705 | | |
| Subtotal | 24xx | 367,514 | 377,436 | 387,627 | 398,093 | 408,842 | | |
| Subtotal Classified Salaries Cost | | \$ 972,749 | \$ 999,013 | \$ 1,025,986 | \$ 1,053,688 | \$ 1,082,138 | | |
| TOTAL ALL CLASSIFIED WAGES | 2000-2999 | \$ 972,749 | \$ 999,013 | \$ 1,025,986 | \$ 1,053,688 | \$ 1,082,138 | | |

Today's Fresh Start Charter School
Expenditure Worksheet - Employee Benefits

SBE & Inglewood Charters

| Budget Type | Ordinal Year | | | | | | |
|-------------------------------|--------------|------------|------------|------------|------------|------------|---------|
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | SACS | Projected | Projected | Projected | Projected | Projected | |
| | Code | Budget | Budget | Budget | Budget | Budget | |
| Retirement Options | | | | | | | |
| Social Security | 3301-3302 | 210,825 | 229,076 | 260,504 | 269,692 | 276,116 | |
| Alternative Retirement | 3901-3902 | | | | | | |
| Total Retirement Costs | | \$ 210,825 | \$ 229,076 | \$ 260,504 | \$ 269,692 | \$ 276,116 | |
| Other Mandated Benefits | | | | | | | |
| Medicare | 3301-3302 | 49,306 | 53,574 | 60,924 | 63,073 | 64,575 | |
| State Unemployment (SUI/SEF) | 3501-3502 | 24,483 | 26,602 | 30,252 | 31,319 | 32,065 | |
| Workers Compensation (WC) | 3601-3602 | 104,392 | 113,430 | 128,992 | 133,541 | 136,722 | |
| Total Mandatory Benefit Costs | | \$ 178,181 | \$ 193,606 | \$ 220,168 | \$ 227,934 | \$ 233,362 | |
| Health Benefits | | | | | | | |
| Combined H/D/V estimate | 3400 | 169,344 | 177,682 | 193,999 | 195,355 | 194,829 | |
| Other (Identify) | 3400 | - | - | - | | | |
| Total Health Benefit Costs | | \$ 169,344 | \$ 177,682 | \$ 193,999 | \$ 195,355 | \$ 194,829 | |
| Total Benefit Costs | | 3000-3999 | 558,351 | 600,364 | 674,672 | 692,981 | 704,308 |

Today's Fresh Start Charter School
Expenditure Worksheet - Books and Supplies

SBE & Inglewood Charters

| Budget Type | Ordinal Year | 2012-2013 Projected Budget | 2013-2014 Projected Budget | 2014-2015 Projected Budget | 2015-2016 Projected Budget | 2016-2017 Projected Budget |
|------------------------------------------------------------------|------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Fiscal Year | | | | | |
| | SACS Code | | | | | |
| Approved Textbooks and Core Curricula Materials | 4100 | | | | | |
| Textbooks (students) | 4100 | 79,789 | 78,512 | 109,964 | 60,391 | 62,755 |
| Textbooks (teachers) | 4100 | 0 | 0 | 0 | 0 | 0 |
| Other (Identify) | 4100 | 0 | 0 | 0 | 0 | 0 |
| Subtotal, Approved Textbooks and Core Curricula Materials | | 79,789 | 78,512 | 109,964 | 60,391 | 62,755 |
| Books and Other Referenced Materials | 4200 | | | | | |
| Library Books | 4200 | | | | | |
| Other Books (students) | 4200 | | | | | |
| Other Books (teachers) | 4200 | | | | | |
| Other (Identify) | 4200 | | | | | |
| Subtotal, Books and Other Reference Materials | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Materials and Supplies | 4300 | | | | | |
| Custodial Supplies | 4330 | | | | | |
| Instructional Supplies | 4310 | 68,305 | 78,067 | 93,622 | 96,737 | 100,033 |
| Office Supplies | 4320 | 13,661 | 15,613 | 18,724 | 19,347 | 20,007 |
| Other: Annual Amount | 4360 | 25,264 | 25,946 | 26,647 | 27,366 | 28,105 |
| Subtotal, Materials and Supplies | | \$ 107,230 | \$ 119,627 | \$ 138,994 | \$ 143,451 | \$ 148,145 |
| Non Capitalized Equipment | 4400 | | | | | |
| A/V equipment: Tape/CD Player | 4400 | | | | | |
| Other Replacement Allocation | 4400 | | | | | |
| Subtotal, Non Capitalized Equipment | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Food for Student Nutrition | 4700 | | | | | |
| NSLP Meal costs | 4400 | | | | | |
| After-School Program Snacks | 4700 | | | | | |
| Food Service Program | 4700 | 284,993 | 284,993 | 284,993 | 284,993 | 284,993 |
| Subtotal, Food for Student Nutrition | | \$ 284,993 | \$ 284,993 | \$ 284,993 | \$ 284,993 | \$ 284,993 |
| Total Books and Supplies | 4000-4999 | \$ 472,011 | \$ 483,131 | \$ 533,951 | \$ 488,835 | \$ 495,892 |

Today's Fresh Start Charter School
Expenditure Worksheet - Services and Operational Expenses

SBE & Inglewood Charters

| | | Ordinal Year | | | | | |
|-----------------------------------------------------------------------------------|------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------|
| | | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| Budget | SACS | Projected | Projected | Projected | Projected | Projected | Projected |
| Type | Code | Budget | Budget | Budget | Budget | Budget | Budget |
| Professional Services of Instructional Consultants, Lecturers & Others | | | | | | | |
| Instructional Consultant - Special Education | 5101 | 10,516 | 10,800 | 11,092 | 11,392 | 11,699 | |
| Education Consultant | 5102 | 21,074 | 21,643 | 22,227 | 22,828 | 23,444 | |
| Professional Development Consultant | 5199 | 51,761 | 53,158 | 54,594 | 56,068 | 57,581 | |
| Subtotal of Personal Services of Instructional Consultants, L | | \$ 83,351.32 | \$ 85,601.81 | \$ 87,913.05 | \$ 90,286.71 | \$ 92,724.45 | |
| Travel and Conferences | | | | | | | |
| Conference | 5210 | 10,516 | 10,800 | 11,092 | 11,392 | 11,699 | |
| Mileage | 5220 | 2,103 | 2,160 | 2,218 | 2,278 | 2,340 | |
| Travel | 5230 | 3,470 | 3,564 | 3,660 | 3,759 | 3,860 | |
| Subtotal of Travel and Conference | | \$ 16,090.01 | \$ 16,524.44 | \$ 16,970.60 | \$ 17,428.81 | \$ 17,899.38 | |
| Dues and Membership | | | | | | | |
| (CCSA) California Charter Schools Association | 5310 | 3,646 | 4,168 | 4,998 | 5,164 | 5,340 | |
| Other (Identify) | 5340 | - | - | - | - | - | |
| Subtotal of Dues and Memberships | | \$ 3,646 | \$ 4,168 | \$ 4,998 | \$ 5,164 | \$ 5,340 | |
| Insurance | 5400 | 78,461 | 89,675 | 107,544 | 111,122 | 114,908 | |
| Operation and Housekeeping Services | | | | | | | |
| Custodial, Gardening & Maintenance Services | 5510 | 1,541 | 1,582 | 1,625 | 1,669 | 1,714 | |
| Fire Extinguisher Maintenance Service | 5520 | 1,232 | 1,266 | 1,300 | 1,335 | 1,371 | |
| Security Alarm Monitoring Service | 5530 | 1,541 | 1,582 | 1,625 | 1,669 | 1,714 | |
| Pest Control Service | 5540 | 1,541 | 1,582 | 1,625 | 1,669 | 1,714 | |
| Utilities | | | | | | | |
| Electricity | 5553 | 35,000 | 35,945 | 36,916 | 37,912 | 38,936 | |
| Gas | 5552 | 20,581 | 21,137 | 21,707 | 22,294 | 22,895 | |
| Combined Estimate | 5550 | - | - | - | - | - | |
| Subtotal of Utilities | | 61,435 | 63,094 | 64,797 | 66,547 | 68,344 | |
| Subtotal of Operations and Housekeeping Services | | \$ 61,435 | \$ 63,094 | \$ 64,797 | \$ 66,547 | \$ 68,344 | |
| Rentals, Leases, Repairs and Noncapitalized Improvements | | | | | | | |
| Copiers/Equipment (lease/rental) | 5610 | 16,403 | 16,846 | 17,301 | 17,768 | 18,248 | |
| Computers and printers | 5620 | 25,313 | 25,997 | 26,699 | 27,420 | 28,160 | |
| Property (lease/rental) | 5630 | 619,164 | 635,881 | 953,050 | 978,783 | 1,005,210 | |
| Subtotal of Rentals, Leases, Repairs and Noncapitalized Imprc | | \$ 660,881 | \$ 678,725 | \$ 997,050 | \$ 1,023,970 | \$ 1,051,618 | |

Today's Fresh Start Charter School
Expenditure Worksheet - Services and Operational Expenses

SBE & Inglewood Charters

| | | Ordinal Year | | | | | |
|----------------------------------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | SACS | Projected | Projected | Projected | Projected | Projected | |
| Budget Type | Code | Budget | Budget | Budget | Budget | Budget | |
| Professional/Consulting Services and Operating Expense | | | | | | | |
| Accounting | 5801 | 18,991 | 19,504 | 20,031 | 20,571 | 21,127 | |
| Advertising | 5802 | 10,537 | 10,822 | 11,114 | 11,414 | 11,722 | |
| Audit Services | 5803 | 12,570 | 12,910 | 13,258 | 13,616 | 13,984 | |
| Business Services | 5804 | 73,000 | 73,000 | 73,000 | 73,000 | 73,000 | |
| Credentialing | 58xx | 5,258 | 5,400 | 5,546 | 5,696 | 5,850 | |
| District Financial Oversight Fee | 5805 | 46,776 | 52,301 | 61,328 | 63,299 | 65,381 | |
| Field Trips | 58xx | 3,153 | 3,238 | 3,325 | 3,415 | 3,507 | |
| Fingerprinting | 58xx | 4,145 | 4,636 | 5,522 | 5,736 | 5,865 | |
| Legal Services | 5808 | 31,549 | 32,401 | 33,276 | 34,175 | 35,097 | |
| Medical Physical | 58xx | 17,932 | 18,920 | 20,657 | 20,802 | 20,746 | |
| Noninstructional Consultant Services | 58xx | - | - | - | - | - | |
| Other Operating Expenses | 58xx | - | - | - | - | - | |
| Printing | 58xx | 5,258 | 5,400 | 5,546 | 5,696 | 5,850 | |
| Student Information Services | 5811 | 12,570 | 12,910 | 13,258 | 13,616 | 13,984 | |
| Temporary Services | 58xx | 30,000 | 30,810 | 31,642 | 32,496 | 33,374 | |
| Web Design & Hosting | 5813 | 1,582 | 1,624 | 1,668 | 1,713 | 1,759 | |
| Subtotal of Professional/Consulting Services and Operating Exp | | 273,322 | 283,876 | 299,172 | 305,246 | 311,245 | |
| Communications | | | | | | | |
| Postage and Shipping | 5930 | 5,299 | 5,442 | 5,589 | 5,740 | 5,895 | |
| Telephone | 5910 | 12,570 | 12,910 | 13,258 | 13,616 | 13,984 | |
| Subtotal of Communications | | 17,870 | 18,352 | 18,848 | 19,357 | 19,879 | |
| Total Services & Operational Expenses | | 5000-5999 | \$ 1,195,057 | \$ 1,240,016 | \$ 1,597,293 | \$ 1,639,122 | \$ 1,681,958 |

Today's Fresh Start Charter School

Key Variable Worksheet - State Funding Data

| SBE & Inglewood Charters | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|--------------------------------------------------|
| Ordinal Year | | | | | | |
| Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | Projected | Projected | Projected | Projected | Projected | |
| Budget Type | Budget | Budget | Budget | Budget | Budget | Comments |
| Financial Projection Factors | | | | | | |
| Statutory COLA | 0.00% | 0.00% | 0.00% | 2.50% | 2.50% | (used to project annual revenue increases) |
| <i>current as of</i> | 1/30/2012 | 1/30/2012 | 1/30/2012 | 1/30/2012 | 1/30/2012 | |
| Special Education Base Deficit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Categorical COLA | 2.40% | 2.40% | 2.40% | 2.40% | 2.40% | for comparison to Statutory COLA |
| Transportation COLA | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | for comparison to Statutory COLA |
| California CPI | 2.70% | 2.70% | 2.70% | 2.70% | 2.70% | (used to project annual expense increases) |
| California Funding Deficit Factor | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | (used to project annual revenue increases) |
| Charter School General Purpose Block Grant Allocations | | | | | | |
| Grades K-3 | \$ 5,077 | \$ 5,077 | \$ 5,077 | \$ 5,204 | \$ 5,334 | Annual revenue per P-2 ADA |
| Grades 4-6 | 5,153 | 5,153 | 5,153 | 5,282 | 5,414 | Annual revenue per P-2 ADA |
| Grades 7-8 | 5,306 | 5,306 | 5,306 | 5,439 | 5,575 | Annual revenue per P-2 ADA |
| Charter School Categorical Block Grant Allocations | | | | | | |
| Grades K-3 | \$ 500 | \$ 500 | \$ 500 | \$ 513 | \$ 525 | Annual revenue per P-2 ADA |
| Grades 4-6 | 500 | 500 | 500 | 513 | 525 | Annual revenue per P-2 ADA |
| Grades 7-8 | 500 | 500 | 500 | 513 | 525 | Annual revenue per P-2 ADA |
| California Lottery Note: Lottery Funding is not tied to the Statutory COLA, depending instead on actual lottery sales. | | | | | | |
| Restricted Funds - Prop 20: Instructional Material | \$ 14.50 | \$ 14.50 | \$ 14.50 | \$ 14.86 | \$ 15.23 | Annual revenue per prior year actual ADA |
| Unrestricted Funds - Non-Prop 20 | \$ 111.00 | \$ 111.00 | \$ 111.00 | \$ 113.78 | \$ 116.62 | Annual revenue per prior year actual ADA |
| CA Primary (K-3) Class Size Reduction (E.C. 52120 et seq.) | | | | | | |
| Full Day Program | \$ 1,089 | \$ 1,089 | \$ 1,089 | \$ 1,116 | \$ 1,144 | Annual revenue per pupil in program, grades K-3 |
| Half Day Program | 544 | 544 | 544 | 558 | 572 | Annual revenue per pupil in program, grades K-3 |
| In Lieu of Economic Impact Aid (revised per AB 1881, 1802 and SB 1131 in 2006) | | | | | | |
| Per Eligible Student (ED + EL + bonus factor) | \$ 333 | \$ 342 | \$ 351 | \$ 360 | \$ 369 | Startup charter receive Y1 funds based on cur yr |
| (a) minimum grant amount, 1-9 students | 5,092 | 5,092 | 5,092 | 5,219 | 5,350 | For schools with fewer than 10 qualifying pupils |
| (b) minimum grant amount, 10 or more students | 8,823 | 8,823 | 8,823 | 9,044 | 9,270 | For schools with 10 or more qualifying pupils |
| Other State Programs | | | | | | |
| Arts and Music Block Grant | | | | | | |
| Funding per K-12 ADA participant | 15.97 | 15.97 | 15.97 | 16 | 17 | Annual revenue per P-2 ADA |
| Minimum Grant (20+ students) | 3,349 | 3,349 | 3,349 | 3,433 | 3,519 | |
| Community-Based English Tutoring (CBET) Program | | | | | | |
| Secondary School Counselors | 60.28 | 60.28 | 60.28 | 61.79 | 63.33 | Annual revenue per English Learner |
| Special Education SELPA Funding | 203.52 | 203.52 | 203.52 | 208.61 | 213.82 | Annual revenue per G7-12 CBEDS; minimum funding |
| Charter School Facility Grant Program (SB740) | 497.41 | 497.41 | 497.41 | 509.85 | 522.59 | AB602 funds; funding rate/ADA varies by SELPA |

Today's Fresh Start Charter School
Key Variable Worksheet - State Funding Data

| SBE & Inglewood Charters | | | | | | |
|-------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------------------------------|
| Ordinal Year | | | | | | |
| Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | Projected | Projected | Projected | Projected | Projected | |
| Budget Type | Budget | Budget | Budget | Budget | Budget | Comments |
| Financial Projection Factors | | | | | | |
| Federal Consumer Price Index | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | Source: <http://www/cbo/gov>) |
| <i>current as of</i> | 5/20/2010 | 9/27/2010 | 9/27/2010 | 9/27/2010 | 9/27/2010 | |
| GDP Price Index | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | (same as above) |
| Employment Cost Index | 3.30% | 3.30% | 3.30% | 3.30% | 3.30% | (same as above) |
| Unemployment Rate | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | (same as above) |
| Three-Month Treasury Bill Rate | 4.40% | 4.40% | 4.40% | 4.40% | 4.40% | (same as above) |
| Ten-Year Treasury Note Rate | 3.70% | 3.70% | 3.70% | 3.70% | 3.70% | (same as above) |
| NCLB: Title, Part A, Basic Grants Low-Income and Neglected | | | | | | |
| Base Allocation | \$ 441 | \$ 441 | \$ 441 | \$ 441 | \$ 441 | Annual revenue per eligible pupil |
| Percentage of Eligible Students | 90% | 90% | 90% | 90% | 90% | Estimated |
| NCLB: Title III | 134 | 134 | 134 | 134 | 134 | Annual revenue per EL pupil |
| NCLB: Title II | 23 | 23 | 23 | 23 | 23 | Annual revenue per eligible pupil |

Today's Fresh Start Charter School
Key Variable Worksheet - State Funding Data

| SBE & Inglewood Charters | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|----------|
| Ordinal Year | | | | | | |
| Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | Projected | Projected | Projected | Projected | Projected | |
| Budget Type | Budget | Budget | Budget | Budget | Budget | Comments |
| Local Revenue Variables | | | | | | |
| Local Cost of Living Allowance | 2.70% | 2.70% | 2.70% | 2.70% | 2.70% | |
| <i>current as of</i> | 5/20/2010 | 9/27/2010 | 9/27/2010 | 9/27/2010 | 9/27/2010 | |
| Donations | | | | | | |
| (Identify) | \$ - | \$ - | \$ - | \$ - | \$ - | |
| (Identify) | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total Donations | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Interest | | | | | | |
| Annual Interest Income | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Other Local Programs | | | | | | |
| (Identify) | \$ - | \$ - | \$ - | \$ - | \$ - | |

Today's Fresh Start Charter School
Key Variable Worksheet - School Staffing Data

| SBE & Inglewood Charters | | | | | |
|-------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Ordinal Year | | | | | |
| Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| Budget Type | Projected Budget | Projected Budget | Projected Budget | Projected Budget | Projected Budget |
| Certificated Staff | | | | | |
| Teacher Staffing Ratios (Regular Program) | | | | | |
| Kindergarten | 1/20 | 1/20 | 1/20 | 1/20 | 1/20 |
| 1st Grade | 1/20 | 1/20 | 1/20 | 1/20 | 1/20 |
| 2nd Grade | 1/20 | 1/20 | 1/20 | 1/20 | 1/20 |
| 3rd Grade | 1/25 | 1/25 | 1/25 | 1/25 | 1/25 |
| 4th Grade | 1/25 | 1/25 | 1/25 | 1/25 | 1/25 |
| 5th Grade | 1/25 | 1/25 | 1/25 | 1/25 | 1/25 |
| 6th Grade | 1/25 | 1/25 | 1/25 | 1/25 | 1/25 |
| 7th Grade | 1/25 | 1/25 | 1/25 | 1/25 | 1/25 |
| 8th Grade | 1/25 | 1/25 | 1/25 | 1/25 | 1/25 |
| Teachers - Other Certificated (Electives, Special Education, etc) | | | | | |
| Combo Class | 0 | 0 | 0 | 0 | 0 |
| Special Education | 1/975 | 1/975 | 1/975 | 1/975 | 1/975 |
| Teacher Staff Projection | | | | | |
| Teachers - Regular Program (FTE) | | | | | |
| Kindergarten | 9 | 6 | 7 | 7 | 7 |
| 1st Grade | 8 | 8 | 11 | 7 | 6 |
| 2nd Grade | 6 | 8 | 8 | 10 | 6 |
| 3rd Grade | 6 | 6 | 8 | 8 | 10 |
| 4th Grade | 4 | 5 | 5 | 6 | 6 |
| 5th Grade | 3 | 4 | 4 | 4 | 6 |
| 6th Grade | 3 | 3 | 4 | 4 | 4 |
| 7th Grade | 2 | 3 | 3 | 4 | 4 |
| 8th Grade | 1 | 2 | 2 | 2 | 3 |
| Subtotal, Regular Programs | 40 | 44 | 52 | 52 | 52 |
| Teachers - Other Certified (Electives, Special Education, etc) | | | | | |
| Combo Class | 2 | 2 | 2 | 2 | 2 |
| Special Education | 1 | 1 | 1 | 1 | 1 |
| Subtotal, Other Certificated Teachers | 3 | 3 | 3 | 3 | 3 |
| Total All Teachers | 43 | 47 | 55 | 55 | 55 |
| Other Certificated Employee Staffing (FTEs) | | | | | |
| Pupil Support Staffing | | | | | |
| Counselor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Librarian | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Psychologist | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| School Administrator Staffing | | | | | |
| Principal | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Vice Principal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Subtotal Certificated (Non-Teaching) FTEs | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Total Certificated Staff | 46 | 50 | 58 | 58 | 58 |

Today's Fresh Start Charter School
Key Variable Worksheet - School Staffing Data

| SBE & Inglewood Charters | | | | | |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Ordinal Year | | | | | |
| Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| | Projected | Projected | Projected | Projected | Projected |
| Budget Type | Budget | Budget | Budget | Budget | Budget |
| Classified Employee Staffing (FTEs) | | | | | |
| Classified Salaried Staff | | | | | |
| Non-Certificated Instructional Staffing | | | | | |
| Paraprofessional | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Teacher Assistant | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Pupil Support Staffing | | | | | |
| Maintenance | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Other (Identify) | 0 | 0 | 0 | 0 | 0 |
| Administrator Staffing | | | | | |
| Site Coordinator | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Superintendent | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Clerical, Technical & Other Employee Staffing | | | | | |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Clerk | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Computer Technical Support Staff | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Total Salaried Site Staff | 32.00 | 32.00 | 32.00 | 32.00 | 32.00 |
| Total All Staff | 78.40 | 82.26 | 89.81 | 90.44 | 90.20 |

Today's Fresh Start Charter School
Key Variable Worksheet - School Staffing Data

SBE & Inglewood Charters

| Ordinal Year | | | | | | | Comments |
|--------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------------------------|
| Fiscal Year | | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| SACS | | Projected | Projected | Projected | Projected | Projected | |
| Budget | Code | Budget | Budget | Budget | Budget | Budget | |
| Salary and Wage COLA Table | | | | | | | all wage increases are per Salary COLA |
| CA CPI (reference value) | | 2.7% | 2.7% | 2.7% | 2.7% | 2.7% | 2.7% copied from KV_State |
| School Seniority COLA | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% annual retention increase |
| Subtotal | | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% sum of preceding components |
| Maximum COLA School will pay | | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% (limit for cost containment) |
| Total Annual Salary COLA | | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | |
| Teacher Salaries | | | | | | | |
| | 11xx | | | | | | |
| Average Teacher Cost - Regular | 1110 \$ | 51,098 | \$ 52,477 | \$ 53,894 | \$ 55,349 | \$ 56,844 | |
| Teacher Hourly Equivalent Rate | 1120 \$ | 40.55 | \$ 41.65 | \$ 42.77 | \$ 43.92 | \$ 45.11 | Based on an 8 hour work day |
| Substitute Teacher Cost | 1130 \$ | 133 | \$ 137 | \$ 140 | \$ 140 | \$ 140 | |
| Teacher Daily Equivalent Rate | 1120 \$ | 284 | \$ 291 | \$ 299 | \$ 299 | \$ 299 | Based on a 183 day work year |
| Other Teacher Salaries | | | | | | | |
| | 1110 | | | | | | |
| Teacher - Combo Class | 1110 \$ | 51,098 | \$ 52,477 | \$ 53,894 | \$ 55,349 | \$ 56,844 | |
| Teacher - Special Education | 1110 | 59,597 | 61,206 | 62,858 | 64,556 | 66,299 | |
| Pupil Support Salaries | | | | | | | |
| | 12xx | | | | | | |
| Counselor | 1211 | 47,923 | \$ 49,217 | \$ 50,546 | 51,911 | 53,312 | |
| Psychologist | 1241 | 66,560 | 68,357 | 70,203 | 72,098 | 74,045 | |
| School Administrator Salaries | | | | | | | |
| | 13xx | | | | | | |
| Principal | 1341 \$ | 87,040 | \$ 89,390 | \$ 91,804 | 94,282 | 96,828 | |
| Vice Principal | 1351 | 63,898 | \$ 65,623 | \$ 67,395 | 69,214 | 71,083 | |
| Classified Employee Salaries | | | | | | | |
| | 2000-2999 | | | | | | |
| Non-Certificated Instructional Salaries | | | | | | | |
| | 21xx | | | | | | |
| Paraprofessional | 2111 \$ | 21,299 | \$ 21,874 | \$ 22,465 | 23,071 | 23,694 | |
| Teacher Assistant | 2121 | 15,974 | 16,406 | 16,849 | 17,304 | 17,771 | |
| Pupil Support Salaries | | | | | | | |
| | 22xx | | | | | | |
| Maintenance | 2261 \$ | 15,974 | \$ 16,406 | \$ 16,849 | 17,304 | 17,771 | |
| Other (Identify) | 2291 | | | | | | |
| Administrator Salaries | | | | | | | |
| | 23xx | | | | | | |
| Site Coordinator | 2341 \$ | 53,606 | \$ 55,054 | \$ 56,540 | 58,067 | 59,635 | |
| Superintendent | 23x1 | 184,218 | 189,191 | 194,300 | 199,546 | 204,933 | |
| Clerical, Technical, & Other Employee | | | | | | | |
| | 24xx | | | | | | |
| Administrative Assistant | 2421 \$ | 87,040 | \$ 89,390 | \$ 91,804 | 94,282 | 96,828 | |
| Clerk | 2441 | 25,600 | 26,291 | 27,001 | 27,730 | 28,479 | |
| Computer Technical Support Staff | 2451 | 50,074 | 51,426 | 52,814 | 54,240 | 55,705 | |

Today's Fresh Start Charter School
Key Variable Worksheet - Employee Benefit Data

SBE & Inglewood Charters

| Ordinal Year | | | | | | | Comments |
|-----------------------------------------------------|------|-----------|-----------|-----------|-----------|-----------|---------------------------------------------------------------|
| Fiscal Year | | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | | Projected | Projected | Projected | Projected | Projected | |
| Budget Type | Use? | Budget | Budget | Budget | Budget | Budget | |
| | | | | | | | |
| Retirement Options | | | | | | | |
| State Teachers Retirement | N | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | paid to all certificated employees |
| Other Certificated Retirement | N | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | paid to all certificated employees |
| Public Employee Retirement | N | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | paid to all classified employees |
| Social Security (OASDI) | Y | 6.20% | 6.20% | 6.20% | 6.20% | 6.20% | paid to all employees (no STRS/PERS) |
| Alternative Retirement Plan | N | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | paid to participate to be described |
| Other Mandatory Benefits | | | | | | | |
| Medicare | Y | 1.45% | 1.45% | 1.45% | 1.45% | 1.45% | no limit on contribution; both employee and employer must pay |
| State Unemployment (SUI/SEF) | Y | 0.72% | 0.72% | 0.72% | 0.72% | 0.72% | |
| Worker's Compensation (WC) | Y | 3.07% | 3.07% | 3.07% | 3.07% | 3.07% | |
| Health Benefits | | | | | | | |
| Average Rise in Private Health Care Insurance Costs | Y | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | Source: Center for medicare/Medicare Services |
| Maximum Increase Paid by School | n/a | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | |
| Annual Health Benefits COLA | n/a | 4.3% | 4.8% | 4.8% | 4.8% | 4.8% | |
| Apportionment of Benefit Costs | | | | | | | |
| Combined H/D/V estimate | Y | 180 | 180 | 180 | 180 | 180 | Combined monthly award per 0.75+FTE for health |
| Other (Identify) | N | 0 | 0 | 0 | 0 | 0 | dental & vision benefits. |

Today's Fresh Start Charter School
Key Variable Worksheet - Books & Supplies

SBE & Inglewood Charters

| | | Ordinal Year | | | | | Comments | | | |
|-------------------------------------------------|------|--------------|-----------|-----------|-----------|-----------|----------|-----------|--------|-----------------------------------------------------------|
| | | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | | 2016-2017 | | |
| | | SACS | Projected | Projected | Projected | Projected | | Projected | | |
| | | Code | Budget | Budget | Budget | Budget | | Budget | | |
| Budget Type | | | | | | | | | | |
| Approved Textbooks and Core Curricula Materials | | | | | | | | | | |
| Textbooks (students) | 4100 | \$ | 315.49 | \$ | 324.01 | \$ | 341.75 | \$ | 350.97 | Annual amount per new student & 15% per pupil replacement |
| Textbooks (teachers) | 4100 | | - | | - | | - | | - | Annual amount per teacher |
| Other (Identify) | 4100 | | - | | - | | - | | - | Annual amount for all texts |
| Books and Other Reference Materials | | | | | | | | | | |
| Library Books | 4200 | \$ | - | \$ | - | \$ | - | | - | Annual amount per new student |
| Other Books (students) | 4200 | | - | | - | | - | | - | Annual amount per new student |
| Other Books (teachers) | 4200 | | - | | - | | - | | - | Annual amount per new teacher |
| Other (Identify) | 4200 | | - | | - | | - | | - | |
| Materials and Supplies | | | | | | | | | | |
| Custodial Supplies | 4300 | \$ | - | \$ | - | \$ | - | \$ | - | |
| Instructional Supplies (students) | 4310 | | 78.87 | | 81.00 | | 83.19 | | 85.44 | 87.74 |
| Instructional Supplies (teachers) | 4310 | | 26.29 | | 27.00 | | 27.73 | | 28.48 | 29.25 |
| Office Supplies (students) | 4320 | | 15.77 | | 16.20 | | 16.64 | | 17.09 | 17.55 |
| Other Misc Supplies Schoolwide | 4360 | | 25,264 | | 25,948 | | 26,647 | | 27,366 | 28,105 |
| Non Capitalized Equipment | | | | | | | | | | |
| A/V equipment: Tape/CD Player | 4400 | \$ | - | \$ | - | \$ | - | \$ | - | replace every 5 years |
| A/V equipment: Tape/CD Player, no purchased | | | | | | | | | | |
| Other Replacement Allocation | 4400 | \$ | - | \$ | - | \$ | - | \$ | - | |
| Food for Student Nutrition | | | | | | | | | | |
| NSLP Meal Cost | 4700 | \$ | - | \$ | - | \$ | - | \$ | - | |
| After-School Program Snacks | 4700 | | - | | - | | - | | - | |
| Food Service Program | 4700 | | - | | - | | - | | - | |

Today's Fresh Start Charter School
Key Variable Worksheet - Operating Costs

SBE & Inglewood Charters

| | Ordinal Year | | | | | | |
|--------------------------------------------------------------------------------|--------------|-----------|-----------|-----------|-----------|-----------|----------------------------------------|
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | |
| | SACS | Projected | Projected | Projected | Projected | Projected | |
| Budget Type | Code | Budget | Budget | Budget | Budget | Budget | Comments |
| Personal Services of Instructional Consultants, Lectureres & Others | | | | | | | |
| Instructional Consultant Special Education | 5101 | 10,516 | \$ 10,800 | \$ 11,092 | \$ 11,392 | 11,699 | Estimated annual cost |
| Education Consultant | 5102 | 1,756 | \$ 1,804 | \$ 1,852 | \$ 1,902 | 1,954 | Estimated monthly expense (12 mos/yr) |
| Professional Development Consultant | 5199 | 4,313 | \$ 4,430 | \$ 4,549 | \$ 4,672 | 4,798 | Estimated monthly expenses (10 mos/yr) |
| Travel and Conference | | | | | | | |
| Conferences | 5210 | \$ 10,516 | \$ 10,800 | \$ 11,092 | \$ 11,392 | 11,699 | Estimated annual cost |
| Mileage | 5220 | 2,103 | 2,160 | 2,218 | 2,278 | 2,340 | Estimated annual cost |
| Travel | 5230 | 3,470 | 3,564 | 3,660 | 3,759 | 3,860 | Estimated annual cost |
| Other: Combined Estimate | 5200 | - | - | - | | | Estimated annual cost |
| Dues and Memberships | | | | | | | |
| (CCSA) California Charter Schools Association | 5310 | \$ 4.21 | \$ 4.32 | \$ 4.44 | \$ 4.56 | 5 | Estimated annual cost per pupil |
| Other (Identify) | 5340 | - | - | - | | | Estimated annual cost |
| Insurance | | | | | | | |
| Combined Estimate | 5400 | \$ 90.60 | \$ 93.05 | \$ 95.56 | \$ 98.14 | 101 | Estimated annual cost per pupil |
| Operation and Housekeeping Services | | | | | | | |
| Custodial, Gardening & Maintenance Services | 5510 | \$ 154 | \$ 158 | \$ 162 | \$ 167 | 171 | Estimated monthly expense (10 mos/yr) |
| Fire Extinguisher Maintenance Service | 5520 | \$ 103 | \$ 105 | \$ 108 | \$ 111 | 114 | Estimated monthly expense (12 mos/yr) |
| Security Alarm Monitoring Service | 5530 | \$ 128 | \$ 132 | \$ 135 | \$ 139 | 143 | Estimated monthly expense (12 mos/yr) |
| Pest Control | 5540 | \$ 128 | \$ 132 | \$ 135 | \$ 139 | 143 | Estimated monthly expense (12 mos/yr) |
| Utilities | | | | | | | |
| | 5550 | | | | | | |
| Electricity | 5553 | \$ 2,917 | \$ 2,995 | \$ 3,076 | \$ 3,159 | 3,245 | Estimated monthly expense |
| Gas | 5552 | 1,715 | 1,761 | 1,809 | 1,858 | 1,908 | Estimated monthly expense |
| Combined Estimate | 5550 | | - | - | | | Estimated monthly expense |

Today's Fresh Start Charter School
Key Variable Worksheet - Operating Costs

| | | SBE & Inglewood Charters | | | | | | |
|------------------------------------------------------------------|--------------|--------------------------|-----------|-----------|-----------|-----------|--|------------------------------------------|
| | Ordinal Year | | | | | | | |
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | | |
| | SACS | Projected | Projected | Projected | Projected | Projected | | |
| Budget Type | Code | Budget | Budget | Budget | Budget | Budget | | Comments |
| Rentals, Leases, Repairs and Noncapitalized Improvements | | | | | | | | |
| Copier/Equipment (lease/rental) | 5610 | \$ 1,367 | \$ 1,404 | \$ 1,442 | \$ 1,481 | \$ 1,521 | | Estimated monthly expense |
| Computer and printers | 5620 | 2,109 | 2,166 | 2,225 | 2,285 | \$ 2,347 | | Estimated monthly expense |
| Property (lease/rental) | 5630 | 51,597 | 52,990 | 79,421 | 81,565 | \$ 83,767 | | Estimated monthly expense |
| Site #1 | | 47,225 | 48,500 | 74,810 | 76,829 | \$ 78,904 | | Per lease agreement |
| Site #2 | | 3,872 | 3,977 | 4,084 | 4,194 | \$ 4,307 | | Per lease agreement |
| Site #3 | | 500 | 514 | 527 | 542 | \$ 556 | | Parking |
| Professional/Consulting Services & Operating Expenses | | | | | | | | |
| District Financial Oversight Fee Rate | 5805 | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | | Percentage of Combined State Grant funds |
| Accounting | 5801 | 1,583 | 1,625 | 1,669 | 1,714 | \$ 1,761 | | Estimated monthly expense |
| Advertising | 5802 | 878 | 902 | 926 | 951 | \$ 977 | | Estimated monthly expense |
| Audit Services | 5803 | 1,048 | 1,076 | 1,105 | 1,135 | \$ 1,165 | | Estimated monthly expense |
| Business Services | 5804 | 73,000 | 73,000 | 73,000 | 73,000 | \$ 73,000 | | Estimated annual cost |
| Credentialing | 58xx | 5,258 | 5,400 | 5,546 | 5,696 | \$ 5,850 | | Estimated annual cost |
| Field Trip | 58xx | 3,153 | 3,238 | 3,325 | 3,415 | \$ 3,507 | | Estimated annual cost |
| Fingerprinting | 58xx | 96 | 98 | 101 | 103 | \$ 106 | | Estimated annual cost per teacher |
| Legal Services | 5808 | 2,629 | 2,700 | 2,773 | 2,848 | \$ 2,925 | | Estimated monthly expense |
| Medical Physical | 58xx | 230 | 230 | 230 | 230 | \$ 230 | | Estimated annual cost per staff |
| Noninstructional Consultant Services | 58xx | | | | | | | Estimated annual cost |
| Other Operating Expenses | 58xx | | | | | | | Estimated annual cost |
| Printing | 58xx | 5,258 | 5,400 | 5,546 | 5,696 | \$ 5,850 | | Estimated annual cost |
| Student Information System | 5811 | 1,048 | 1,076 | 1,105 | 1,135 | \$ 1,165 | | Estimated monthly expense |
| Temporary Services | 58xx | 2,500 | 2,568 | 2,637 | 2,708 | \$ 2,781 | | Estimated monthly expense |
| Web Design & Hosting | 5813 | 1,582 | 1,624 | 1,668 | 1,713 | \$ 1,759 | | Estimated annual cost |
| Communications | | | | | | | | |
| Postage and Shipping | 5930 | 442 | 454 | \$ 466 | \$ 478 | \$ 491 | | Estimated monthly expense |
| Telephone | 5910 | 1,048 | 1,076 | \$ 1,105 | \$ 1,135 | \$ 1,165 | | Estimated monthly expense |

Today's Fresh Start Charter School
Key Variables Worksheet - Student Demographic

SBE & Inglewood Charters

| | Year | | | | |
|-------------------------------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| | Fiscal Year | | | | |
| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| | Actual CBEDS | Projected CBEDS | Projected CBEDS | Projected CBEDS | Projected CBEDS |
| Summary of All Enrollment by Grade | | | | | |
| Kindergarten | 172 | 124 | 140 | 120 | 120 |
| 1st Grade | 167 | 163 | 218 | 133 | 114 |
| 2nd Grade | 124 | 159 | 163 | 207 | 129 |
| 3rd Grade | 113 | 125 | 159 | 155 | 197 |
| 4th Grade | 101 | 114 | 118 | 151 | 147 |
| 5th Grade | 68 | 102 | 107 | 112 | 143 |
| 6th Grade | 63 | 69 | 96 | 102 | 106 |
| 7th Grade | 43 | 64 | 65 | 91 | 97 |
| 8th Grade | 15 | 44 | 60 | 61 | 87 |
| Total | 866 | 964 | 1125 | 1132 | 1140 |

| | | | | | |
|-------------------------------------------------|------------|--------------|---------------|---------------|---------------|
| Summary of All Enrollment by Grade Group | | | | | |
| Grades K-3 | 576 | 571.0 | 679.9 | 615.1 | 559.6 |
| Grades 4-6 | 232 | 284.9 | 321.1 | 364.6 | 397.0 |
| Grades 7-8 | 58 | 107.9 | 124.5 | 152.5 | 183.5 |
| Total | 866 | 963.8 | 1125.4 | 1132.3 | 1140.1 |

Key Variables Worksheet - ADA Data

| | Year | | | | |
|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Fiscal Year | | | | |
| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| | Projected P-2 Estimate | Projected P-2 Estimate | Projected P-2 Estimate | Projected P-2 Estimate | Projected P-2 Estimate |
| Total Combined ADA Ratio | | | | | |
| Grades K-3 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 |
| Grades 4-6 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 |
| Grades 7-8 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 |
| Total ADA | | | | | |
| Grades K-3 | 547.2 | 542.5 | 645.9 | 584.4 | 531.6 |
| Grades 4-6 | 220.4 | 270.6 | 305.0 | 346.4 | 377.1 |
| Grades 7-8 | 55.1 | 102.5 | 118.2 | 144.9 | 174.3 |
| Total ADA | 822.7 | 915.6 | 1069.1 | 1075.7 | 1083.1 |

Today's Fresh Start Charter School
Key Variables Worksheet - Student Demographic Data

SBE & Inglewood Charters

| Variables | Year | | | | | |
|--------------------------------------------------------------------------------------------------------------|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| | | Projected Budget | Projected Budget | Projected Budget | Projected Budget | Projected Budget |
| Special Population Data Counts | | | | | | |
| Total All Pupils | | | | | | |
| English Language Learner | | 260 | 289 | 338 | 340 | 342 |
| Federal Poverty Eligible | | 779 | 867 | 1013 | 1019 | 1026 |
| EIA Disadvantaged Pupil Count | | 1002.3 | 1127.175 | 1301.985 | 1356.6653 | 1365.7401 |
| = sum of prior-year EL and current-year FP counts | | | | | | |
| EIA Pupil Concentration Factor | | 255 | 255 | 255 | 255 | 255 |
| concentration factor varies according to how much the EIA Disadvantaged Pupil Count exceeds 50% of total enr | | | | | | |
| Free Meal Eligible | | 779 | 867 | 1013 | 1019 | 1026 |
| Reduced-Price Meal Eligible | | | | | | |
| Immigrant Students | | 260 | 289 | 338 | 340 | 342 |
| Special Population Percentages | | | | | | |
| Total All Pupils | | | | | | |
| English Language Learner | | 30% | 30% | 30% | 30% | 30% |
| Federal Poverty Eligible | | 90% | 90% | 90% | 90% | 90% |
| Free Meal Eligible | | 90% | 90% | 90% | 90% | 90% |
| Reduced-Price Meal Eligible | | 0% | 0% | 0% | 0% | 0% |
| Immigrant Students | | 30% | 30% | 30% | 30% | 30% |
| Note: English Language Learner Count is taken as of R-30 Report, not October CBEDS | | | | | | |

EXHIBIT 3

**CHARTER SCHOOL FACILITIES PROGRAM
PROPOSITION 55 FUNDING ROUND
STAFF SUMMARY REPORT – JANUARY 2013**

| | |
|------------------------------------------------|------------------------------------------|
| Applicant: | Today's Fresh Start Charter |
| Project School: | Today's Fresh Start Charter |
| CDS (County-District-School) Code: | 19-76737-0102020 and 19-64634-0119552 |
| Proposed Project Location: | 3405 W. Imperial Blvd., Inglewood |
| Type of Project: | New Construction / Renovation |
| County: | Los Angeles County |
| Project Location: | Inglewood Unified School District (IUSD) |
| Chartering Entity: | State Board of Education (SBE) and ISUD |
| OPSC Project Cost: | \$18,719,508 |
| Total State Apportionment: | \$9,359,754 |
| Lump Sum Contribution: | N/A |
| Total CSFP Lease Amount: | \$9,359,754 |
| Length Of CSFP Lease Payments: | 30 years |
| Assumed Interest Rate On Obligation: | 3.00% |
| Estimated Annual CSFP Lease Payment: | \$477,528 |
| First Year Of Occupancy Of New Project: | 2014-15 |

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board determine that Today's Fresh Start Charter School (TFSCS) is financially sound for the purpose of the Charter School Facilities Program (CSFP or Program) Final Apportionment. This determination of financial soundness is contingent upon TFSCS's execution of an Implementation Agreement with the Authority, the State Controller's Office and California Department of Education, at the appropriate time, whereby the Authority will intercept TFSCS's state-aid portion of its General Purpose Block Grant at regular intervals to satisfy the payment requirements of its CSFP obligations (intercept mechanism). Staff also recommends that the Authority waive the reserve fund requirement established in May 2009 subject to TFSCS agreeing to use of the intercept mechanism to make CSFP payments to the State. This determination as it relates to Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

Summary Findings: Highlighted below are key criteria that were evaluated when conducting the financial soundness review of TFSCS. Detailed information is contained in the body of the report.

| Criteria | Comments |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Charter Compliance and Standing with Authorizer | <u>Inglewood & State Board of Education Charters:</u> LACOE previously provided TFSCS a charter but no longer acts as the charter authorizer. TFSCS' two current charters are with IUSD and the State Board of Education (SBE) through June 30, 2014 and June 30, 2015, respectively. In December 2012, Staff received notification from IUSD and SBE, respectively that TFSCS was in compliance with its charter agreements and is in good standing with its charter authorizers. |
| Demographic Information | By adding a new grade each successive year up to grade 8, TFSCS has shown consistent student enrollment growth since commencing operations in 2002-03, growing from 282 students in grades K-3 to 866 students in grades K-8 for 2012-13. Enrollment is expected to increase to 1,126 students in 2013-14. |
| Debt Service Coverage | TFSCS anticipates debt service coverage of 422.3% and 432.2% for the first two years after project occupancy, 2015-16 and 2016-17, respectively. |
| Other Financial Factors | <ul style="list-style-type: none"> CSFP payments are projected to represent on average 5.2% and 5.1% of total revenues during the first two years of CSFP payments, 2015-16 and 2016-17, respectively, which is within the recommended 10-15% threshold levels. TFSCS does not rely on private contributions as sources of revenue. TFSCS has one note payable in the amount of \$1,000,000, which is scheduled to mature during the current 2012-13 fiscal year. |
| Student Performance | <p>With two separate CDS codes, TFSCS' student performance data is recorded separately for the IUSD and SBE chartered schools.</p> <ul style="list-style-type: none"> The charter school currently chartered by SBE has met its API growth target for each of the past four years with API growth of 64 points and 22 points for 2010-11 and 2011-12, respectively, to an API growth score of 805 for 2011-12. Although it met its AYP criteria during 2008-09 and 2010-11, it did not meet its AYP criteria during 2009-10 and 2011-12. In addition, for 2010-11 and 2011-12, the SBE chartered schools had similar-school API-base score rankings of "6" and "9," respectively. With only three years of data, the IUSD chartered school met its AYP criteria for two of the past three years, 2009-10 and 2010-11, and its API growth target for each of the past two years, 2010-11 and 2011-12. |

Background: On December 22, 2004, the Authority determined that TFSCS was financially sound for purposes of the Charter School Facilities Program. The State Allocation Board subsequently awarded a Preliminary Apportionment on February 23, 2005

in the amount of \$12,605,650 to TFSCS. A year later, in February 2006, the Authority determined that TFSCS was financially sound for purposes of an Advance Apportionment for project design and site acquisition. Pursuant to the Authority's determination, in April 2006, the Office of Public School Construction disbursed \$1,319,797 to TFSCS for the design portion of the Advance Apportionment.

At the request of TFSCS, Staff presented findings to the Authority at its April 2009 and May 2009 board meetings. At the time of these meetings, several pending issues remained outstanding regarding TFSCS' existing charter with the Los Angeles County Office of Education (LACOE) and a new charter with Inglewood Unified School District (IUSD). At the time of the financial review in May 2009, TFSCS was contemplating moving its facilities within the Inglewood Unified School District area due to the non-renewal of their LACOE charter. Such change in the school's operations would have increased uncertainty regarding TFSCS future operations. It was staff's determination to evaluate TFSCS under the more conservative assumption that it would be operating solely under the IUSD charter, thus ceasing operations of facilities outside of IUSD's boundaries. As a result of the Authority's review of TFSCS' financial soundness, TFSCS was to address certain outstanding issues in addition to establishing a reserve fund equal to two CSFP annual payments prior to advance apportionment. TFSCS has requested that the Authority remove the reserve fund requirements for financial soundness. At the May 2009 Authority meeting, TFSCS was found financially sound. However, due to cash constraints at the state level, no funds were released to the school subsequent to that board meeting.

At its February 9, 2011 meeting, the Authority determined that TFSCS was financially sound for purposes of Advance Apportionment for site acquisition. Subsequently, on March 23, 2011, the Office of Public School Construction released funds in the amount of \$6,006,662 for this purpose. This determination was also valid for up to six months for purposes of Advance Apportionment.

At its March 14, 2012 meeting, the Authority found TFSCS financially sound for purposes of Final Apportionment in the amount of \$12,605,650. TFSCS is now requesting the Authority to determine that TFSCS is financially sound for \$18,719,508, representing an additional \$6,113,860. This additional amount represents adjustment's to the "pupil grant" that OPSC originally approved upon preliminary apportionment, and adjustment to the cost of site acquisition, and additional costs associated with development and security of the property since preliminary apportionment. To assess TFSCS' continued financial soundness status for purposes of Final Apportionment, staff reviewed the following information, as submitted in November 2012: updated project information; current and projected financial information; updated enrollment and academic performance information; copies of the current charter and verification of the charter's expiration date; verification of TFSCS' compliance with the terms of its charter and good standing with its chartering authorities; an updated Legal Status Questionnaire; updated management and Board of Directors information; and disclosure of additional material changes that may have an impact on TFSCS' financial condition.

Project Description: TFSCS currently operates at five different leased sites throughout Los Angeles County under its current IUSD and State Board of Education (county-wide) charters. These sites are located within the Los Angeles Unified School District, Compton Unified School District, and Inglewood Unified School District boundaries. At these five sites, in 2011-12, TFSCS served 743 students. With its CSFP proceeds, TFSCS intends to

renovate a site at 3405 West Imperial Highway, Inglewood. At this site, TFSCS expects to house 350 students in a total of 19 classrooms and additional portable classrooms. Project completion is anticipated for 2014-15. TFSCS currently serves 187 students at the Inglewood site with the use of portables.

Charter Compliance & Good Standing Letters: TFSCS currently has a charter with Inglewood Unified School District and the State Board of Education. On December 4, 2012 and December 19, 2012, staff received documentation confirming TFSCS' good standing with its charter authorizers, SBE and IUSD, respectively, along with being in compliance with the charter agreements. TFSCS' current charters are set to expire on June 30, 2017 and June 30, 2015 for IUSD and SBE, respectively.

Legal Status Questionnaire: In November 2012, staff received TFSCS' response to the requests for disclosure contained in the Legal Status Questionnaire (LSQ), which included signatures of the TFSCS' Lead Administrator, Dr. Jeanette Parker, and Chair of TFSCS' Governing Board, Dr. Clark Parker. TFSCS did not disclose any material information relating to legal or regulatory proceedings or legal action in which it or any of its affiliates is a named party.

Organizational Information: TFSCS is a non-profit public benefit corporation with a 501(c)(3) status currently serving grades K-8. TFSCS received its first charter from the Los Angeles County Office of Education (LACOE) in 2003, and began instructional operations in 2003-04 with 282 students in grades K-3. Since its inception, TFSCS had been adding an additional grade each year but has no intention to add grades past the 8th grade.

Educational Management Organization: Not applicable.

Management Experience: Dr. Jeanette Parker has served as TFSCS's Chief Administrator and Superintendent since its inception in 2003-04. Dr. Parker holds a Ph.D. from St. Charles University, a Doctorate of Theology from Pacific International University, and a California Life Time General School Services Credential. Each TFSCS campus has a separate co-principal responsible for its administration.

Isabelita Bustamante has over 25 years of teaching experience. She has been with Today's Fresh Start Charter School since September 2003 serving in different capacities both as teacher and as principal. Ms. Bustamante graduated with a B.A. degree from Bukidnon College, Philippines. She holds a California Clear Multiple Subject teaching credential. Presently Ms. Bustamante is serving as principal at Today's Fresh Start Charter School, Inglewood.

Erasmus Lascano has been employed with Today's Fresh Start Charter School since 2006, serving in various administrative positions. He earned his Master's in Administration and Supervision from Technological University of the Philippines in Manila Philippines. Currently, Mr. Lascano is enrolled in the Master's program at National University in Educational Administration and expected to complete that program in June, 2013. Presently, he is serving as Site Administrator for the SBE-Today's Fresh Start Charter School.

Management Experience for Schools Open Less than Two Years: Not applicable, as TFSCS has been in operation as a charter school since 2003.

Board Experience: TFSCS is managed by a Board of Directors consisting of eight directors who serve staggered two-year or three-year terms. The Board is responsible for approving long-range goals and annual objectives, monitoring general policies such as health and safety, and monitoring use and maintenance of facilities, fundraising, and the effective management of school resources.

| Board Member | Expiration Date |
|-----------------|------------------|
| Clark Parker | June 30, 2014 |
| Jeanette Parker | June 30, 2014 |
| Maury Wills | June 30, 2014 |
| Errol Malcolm | June 30, 2014 |
| Carol Freis | February 7, 2013 |
| Julia Luna | July 27, 2013 |
| Richard Moss | February 7, 2013 |
| Clifford Taitt | July 27, 2013 |

Student Performance: Because of its implications for student enrollment stability and growth, staff views student performance as a leading indicator of a charter school's sustainability. In order to measure student performance, staff utilizes the Academic Performance Index (API) and Adequate Yearly Progress (AYP) per the No Child Left Behind Act of 2001. TFSCS has more than three years of reported API scores, allowing a review of progress and comparison to similar schools.

| Today's Fresh Start - LACOE/SBE Charter | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|-------------------------------------------|------------|------------|------------|------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | | | |
| Met All AYP Criteria? | Yes | No | Yes | No |
| Criteria Met / Required Criteria | 21 / 21 | 17 / 21 | 21 / 21 | 18 / 21 |
| Met API Indicator for AYP? | Yes | Yes | Yes | Yes |
| Met Graduation Rate? | N/A | N/A | N/A | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | | | |
| Met Schoolwide Growth Target? | Yes | Yes | Yes | Yes |
| Met Comparable Improvement Growth Target? | Yes | Yes | Yes | Yes |
| Met Both Schoolwide & CI Growth Targets? | Yes | Yes | Yes | Yes |
| API Base Statewide Rank (10 = best) | 1 | 1 | 2 | 4 |
| API Base Similar Schools Rank (10 = best) | 1 | 3 | 6 | 9 |
| School's Actual Growth | 42 | 34 | 64 | 22 |
| Similar Schools Median of Actual Growth | 15 | 19 | 5 | 12 |
| Did School's Growth Exceed Median? | Yes | Yes | Yes | Yes |

| Today's Fresh Start - Inglewood Unified School District | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|----------------------------------------------------------------|-------------------|-------------------|-------------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | | |
| Met All AYP Criteria? | Yes | Yes | No |
| Criteria Met / Required Criteria | 4 / 4 | 5 / 5 | 3 / 5 |
| Met API Indicator for AYP? | N/A | Yes | Yes |
| Met Graduation Rate? | N/A | N/A | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | | |
| Met Schoolwide Growth Target? | N/A | Yes | Yes |
| Met Comparable Improvement Growth Target? | N/A | Yes | Yes |
| Met Both Schoolwide & CI Growth Targets? | N/A | Yes | Yes |
| API Base Statewide Rank (10 = best) | N/A | 5 | 7 |
| API Base Similar Schools Rank (10 = best) | N/A | N/A | N/A |
| School's Actual Growth | N/A | 42 | -39 |
| Similar Schools Median of Actual Growth | N/A | N/A | N/A |
| Did School's Growth Exceed Median? | N/A | N/A | N/A |

With two charter authorizations, TFSCS' student performance data is being recorded separately for the IUSD and SBE chartered schools. TFSCS-SBE (formerly chartered by Los Angeles County Office of Education) met its API growth target during each of the past four years, 2008-09 through 2011-12, and achieved API growth scores of 685, 719, 783, and 805 for each of these years, respectively. Based on its API base scores for 2008-09 through 2011-12, out of a best possible rank of 10, TFSCS-SBE ranked 1, 1, 2, and 4 statewide, respectively. However, against similar schools during the same period, TFSCS-SBE ranked 1, 3, 6, and 9, respectively, for these years, respectively, demonstrating marked improvement among similar schools. TFSCS-SBE met its AYP criteria in two of the past four years, 2008-09 and 2010-11. TFSCS-SBE is current in its third year of "Program Improvement" status per the No Child Left Behind Act of 2001.

TFSCS-IUSD has three years of student performance data (2009-10 through 2011-12) and met all of the AYP criteria during 2009-10 and 2010-11, but not for 2011-12. TFSCS-IUSD met its API growth target for 2010-11 and 2011-12 with API growth scores of 843 and 804, respectively. Due to an insufficient number of tests taken, TFSCS-IUSD did not receive API-related similar schools rankings in 2010-11 and 2011-12 but did receive a statewide ranking of "5" and "7" for 2010-11 and 2011-12, respectively.

Staff notes that the percent-proficient threshold requirement for AYP, both for English-language arts and mathematics, in accordance with the Elementary and Secondary Education Act (ESEA), reflects increases each year and will continue to reflect increases until 2014. Therefore, with each successive year, charter schools are increasingly challenged in "making AYP" (meeting all AYP criteria). This requirement applies to both school wide performance and performance of each numerically significant subgroup within any school. As an example, since 2002, the percent-proficient requirements for English-language arts (elementary schools, middle schools, and elementary school districts) are as follows: 13.6% for each of 2001-02, 2002-03, and 2003-04; 24.4% for each of 2004-05, 2005-06, and 2006-07; 35.2% for 2007-08; 46.0% for 2008-09; 56.8% for 2009-10, 67.6% for 2010-11, and 78.4% for 2011-12. This specific requirement will increase up until 2014 with the following percent-proficient thresholds: 89.2% for 2012-13; and 100.0% for 2013-14. The English-language arts percent-proficient requirement for high schools shows a similar trend, as do the percent-proficient requirements for mathematics for both elementary

schools and high schools. Given that each numerically significant subgroup within a school must meet the percent-proficient requirement in English-language arts and mathematics in order for the school to make AYP, and given the high prevalence of English-language learners in California, charter schools are faced with increasing difficulty in making AYP¹.

As described in the May 2009 Staff Report, TFSCS provided an explanation for its inconsistent academic performance and a description of remedial actions, including the hiring of two full-time credentialed counselors. TFSCS also attributed academic performance at that time to the significant amount of underperforming new students entering TFSCS. Staff acknowledges TFSCS' overall improvement in academic performance since 2009, especially its consistency in meeting API growth and improvement in API similar-school base-score rankings. As such, Staff considers TFSCS' performance sufficient to support a recommendation for financial soundness. Notwithstanding this recommendation, Staff will continue to monitor TFSCS' performance to ensure that it continues to maintain required AYP and API standards.

Enrollment and Retention Rates: TFSCS has shown consistent growth since its inception, growing from 282 students serving grades K-3 in 2003-04, to 743 students serving grades K-8 for 2011-12 to 866 for the current 2012-13 academic year, with much of the growth through 2008-09 being due to the addition of a new grade each year up to grade 8 at TFSCS-SBE. Currently, TFSCS operates four sites for TFSCS-SBE with a total enrollment of 679 students in grades K-8 and one site for TFSCS-IUSD with a total enrollment of 187 students in grades K-6. Over the past five years, TFSCS' student enrollment has grown on average 11% annually.

TFSCS projects growth to 964 students in 2013-14, 1,126 students in 2014-15 (first year of project occupancy), 1,132 students in 2015-16, and 1,140 students in 2016-17, representing overall growth of 274 students (31.6%) over four years. TFSCS projects that TFSCS-IUSD will grow to its capacity of 350 students by the second year of project occupancy (2015-16), compared to its current enrollment of 187 students.

Although TFSCS' aggregate year-to-year retention rates for 2006-07 through 2009-10 were substandard at 69.2%, 79.5%, 85%, and 83%, respectively, TFSCS has since increased its aggregate year-to-year retention rates as follows: 94.0% for 2010-11; 95.4% for 2011-12; and 94.0% for 2012-13. With respect to the individual charter schools, TFSCS-IUSD had year-to-year retention rates of 97.2%, 91.1%, and 96.0% for 2010-11, 2011-12, and 2012-13, respectively; and TFSCS-SBE, had year-to-year retention rates of 94.0%, 95.4%, and 94.0% for 2010-11, 2011-12, and 2012-13, respectively. Staff acknowledges the significant improvement in TFSCS' year-to-year retention rates for the past three years as compared to the previous four years.

As described in the May 2009 staff report, TFSCS offered a number of explanations for its low retention trends. It was TFSCS' position that the actions unfairly taken by LACOE in the revocation of their charter adversely impacted student retention, enrollment, and performance. Another reason for low student retention rates were attributed to the transient nature of the neighborhoods in which TFSCS schools are operated. Low percentages of home ownership and as short as nine months as the average time parents move to one

¹ Information regarding AYP requirements is derived from the California Department of Education's "2010 Adequate Yearly Progress Report Information Guide."

place to another were cited as demographic factors that reduced student retention. In addition, TFSCS purported that the students in these regions tend to discontinue education at higher rates as you move into higher grades.

In consideration of TFSCS' consistent enrollment growth over the past five years; improvement in academic performance and retention rates since 2009; capacity to expand due to the CSFP project at the Inglewood site; and additional space at its other four sites, Staff considers TFSCS' enrollment projections to be reasonable.

Financial Analysis: Highlighted below are selected financial data and credit indicators used to evaluate TFSCS's ability to meet its CSFP obligation.

Staff's evaluation of TFSCS' financial performance is based on review of the following documents: (1) TFSCS' audited financial statements for 2007-08 through 2011-12, which include consolidated financial statements for 2009-10 through 2011-12; (2) TFSCS' First Interim Budget for 2012-13; (3) TFSCS' budget projections for 2013-14 through 2016-17; and (4) TFSCS' projected annual enrollment for 2012-13 through 2016-17.

Staff's analysis of TFSCS' financial projections are based upon the following assumptions: (1) project occupancy in 2014-15; (2) increases in enrollment from 866 students in 2012-13 to 964 in 2013-14, to 1,126 for 2014-15 (first year of project occupancy), and to 1,132 and 1,140 for 2015-16 and 2016-17, respectively; (3) projected ADA rates of 95% from 2012-13 through 2016-17; (4) general purpose block grant funding rates for 2011-12 of \$5,077, \$5,153, and \$5,306 for grades K-3, 4-6, and 7-8; respectively; (5) revenue growth (cost of living adjustments) to the general purpose block grant funding rates of 0% for each of 2013-14 and 2014-15, and 2.5% for 2015-16 and 2016-17; and (6) COLAs on teacher salaries of 2.7% for each of the projected years.

| Today's Fresh Start Charter School | Actual FY 2009-10 | Actual FY 2010-11 | Actual FY 2011-12 | 1st Interim FY 2012-13 | Projected FY 2013-14 | Projected FY 2014-15 | Projected FY 2015-16 | Projected FY 2016-17 |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ENROLLMENT PROJECTIONS | | | | | | | | |
| Enrollment | 676 | 696 | 743 | 866 | 964 | 1,126 | 1,132 | 1,140 |
| Average Daily Attendance | 640 | 656 | 704 | 823 | 916 | 1,069 | 1,076 | 1,083 |
| Average Daily Attendance (%) | 95% | 94% | 95% | 95% | 95% | 95% | 95% | 95% |
| FINANCIAL PROJECTIONS | | | | | | | | |
| Total Revenues Available for CSFP Lease Payment | \$ 5,918,391 | \$ 5,878,837 | \$ 5,738,186 | \$ 7,079,776 | \$ 7,748,205 | \$ 8,995,535 | \$ 9,187,553 | \$ 9,399,308 |
| Total Expenses Paid Before CSFP Lease Payment | 5,664,602 | 5,179,729 | 5,369,111 | 7,003,057 | 6,018,291 | 7,007,597 | 7,170,814 | 7,335,641 |
| Accounting Adjustments | | | | | | | | |
| Net Revenues Available for CSFP Lease Payment | \$ 253,789 | \$ 699,108 | \$ 369,075 | \$ 76,719 | \$ 1,729,914 | \$ 1,987,938 | \$ 2,016,739 | \$ 2,063,667 |
| CSFP Lease Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 477,528 | \$ 477,528 |
| Net Revenues After CSFP Lease Payment | \$ 253,789 | \$ 699,108 | \$ 369,075 | \$ 76,719 | \$ 1,729,914 | \$ 1,987,938 | \$ 1,539,211 | \$ 1,586,139 |
| FINANCIAL INDICATORS | | | | | | | | |
| Net Revenues Available for CSFP Lease Payment | \$ 253,789 | \$ 699,108 | \$ 369,075 | \$ 76,719 | \$ 1,729,914 | \$ 1,987,938 | \$ 2,016,739 | \$ 2,063,667 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 422.3% | 432.2% |
| Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | N/A | N/A | 422.3% | 432.2% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | N/A | N/A | 5.2% | 5.1% |
| Contributions / Revenues | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Revenues After CSFP Lease Payment / Revenues | 4.3% | 11.9% | 6.4% | 1.1% | 22.3% | 22.1% | 16.8% | 16.9% |
| Revenues / ADA | \$ 9,247 | \$ 8,962 | \$ 8,151 | \$ 8,606 | \$ 8,461 | \$ 8,415 | \$ 8,539 | \$ 8,679 |
| Expenses / ADA | \$ 8,851 | \$ 7,896 | \$ 7,627 | \$ 8,512 | \$ 6,572 | \$ 6,555 | \$ 7,108 | \$ 7,214 |
| Surplus (Deficit) / ADA | \$ 397 | \$ 1,066 | \$ 524 | \$ 93 | \$ 1,889 | \$ 1,860 | \$ 1,430 | \$ 1,465 |
| Net Working Capital | \$ 1,917,762 | \$ 1,738,235 | \$ 3,141,314 | | | | | |
| Net Working Capital / Expenses | 33.9% | 33.6% | 58.5% | | | | | |

As of June 30, 2012, TFSCS had no long-term debt, and TFSCS's only note payable was a loan in the amount of \$1,000,000 from Drs. Clark and Jeanette Parker, which is anticipated

to be repaid by the end of the 2012-13 fiscal year. This note bears a 7% per annum interest rate and will mature on May 12, 2013.

Prior to the current year, TFSCS obtained two short term loans represented by two notes payable during 2007-08, totaling \$6,197,071, for purposes of site acquisition for the CSFP project. However, these notes payable were paid off as a result of TFSCS' 2011 Advance Apportionment for site acquisition.

Financial Performance: For 2007-08 and 2008-09, respectively, TFSCS recorded net deficits of \$110,493 and \$393,723 on revenues of \$5.05 million and \$5.77 million, and expenses of \$5.16 million and \$6.17 million, respectively, resulting in total net assets of \$2,321,152. For 2009-10, TFSCS recorded net revenues of \$253,789 on \$5.92 million in revenues and \$5.66 million in expenses. For 2010-11, TFSCS recorded net revenues of \$699,108 on \$5.88 million in revenues and \$5.18 million in expenses, resulting in net assets of \$3,274,049. For 2011-12, TFSCS recorded net revenues of \$369,705 on \$5.74 million in revenues and \$5.37 million in expenses, resulting in total net assets of \$3,643,124.² For the current year, 2012-13, TFSCS anticipates net revenues of \$1,076,719 before payment of the \$1,000,000 loan, but net revenues of \$76,719 after payment of the loan. In the projected years of 2013-14 and 2014-15 (first year of project occupancy), TFSCS anticipates net revenues of \$800,501 and \$1,460,809, respectively. For the two years following project occupancy, 2015-16 and 2016-17, TFSCS anticipates net revenues of \$2,016,439, and \$2,063,667, respectively, prior to CSFP payments. From 2007-08 through 2011-12, TFSCS did not raise private contributions and does not anticipate receiving contributions for future projected years.

Projected Debt Service Coverage of CSFP Payments: Assuming a 3.0% interest rate and 30-year repayment period, as well as an estimated project cost of \$18,719,508, TFSCS's annual CSFP payment will be \$477,528 beginning 2015-16, the first year following project occupancy. TFSCS' projected net revenues of \$2,016,739 for 2015-16 and \$2,063,667 for 2016-17 would provide debt service coverage levels of 422.3% and 432.2%, respectively, which are substantially above the minimum requirement. The CSFP payments would represent 5.2% and 5.1% of projected revenues for each of these years, respectively, which is well within the preferred maximum range of 10-15%.

Asset Position and Liquidity: On June 30, 2012, TFSCS reported holding \$2,068,964 in cash and cash equivalents, \$2,963,716 in account receivables, \$366,645 in investments, \$14,789 in funds due from other governmental entities, and \$20,238 in prepaid expenses, totaling \$5,434,352 in current assets. The current assets were offset by \$2,293,038 in current liabilities. Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. TFSCS' NWC for 2010-11 and 2011-12 was \$1,738,235 and \$3,141,314, respectively, or 33.6% and 58.5% of total expenses for these years. Staff considers NWC equivalent to at least 5.0% of total expenses to be sufficient.

² The net revenues cited for 2010-11 and 2011-12 do not reflect the revenues resulting from TFSCS' receipt of its Advance Apportionment of \$6,006, 662 in March 2011.

Strengths, Weaknesses and Mitigants

- + TFSCS anticipates debt service coverage of 422.3% and 432.2% for the first two years after project occupancy, 2015-16 and 2016-17, respectively.
- + As of June 30, 2012, TFSCS had net working capital of \$3,141,314, representing 58.5% of expenses.
- + TFSCS-SBE met its API growth target for each of the past four years, including an API growth of 64 points and 22 points for 2010-11 and 2011-12, respectively, representing API growth scores of 783 and 805, respectively. TFSCS-SBE ranked 1, 3, 6, and 9 against similar schools based on its API base scores for 2008-09 through 2011-12, respectively. In addition, TFSCS-IUSD met its API growth target for both 2010-11 and 2011-12, and met all AYP criteria for 2009-10 and 2010-11, but not for 2011-12.
- + TFSCS has shown consistent growth since its inception, growing from 282 students serving grades K-3 in 2003-04, to 866 students serving grades K-8 for the current 2012-13 academic year, and anticipates enrollment growth to 1,126 students during the first year of project occupancy, 2014-15, and to 1,132 and 1,140 students during the first two years after project occupancy, 2015-16 and 2016-17.
- +/- TFSCS-SBE charter school met its AYP criteria in 2008-09 and 2010-11, but did not meet its AYP criteria in 2007-08 and 2009-10. TFSCS-SBE is currently on Program Improvement Status.

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board adopt Resolution 12-11 which determines that Today's Fresh Start Charter School (TFSCS) is financially sound for the purposes of the Charter School Facilities Program (CSFP or the Program) Final Apportionment. This recommendation is contingent upon TFSCS electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. This determination as it relates to Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.

EXHIBIT 4

TAB D

REVISED INITIAL STATEMENT OF REASONS

INITIAL STATEMENT OF REASONS

Revisions to the Initial Statement of Reasons

CALIFORNIA SCHOOL FINANCE AUTHORITY

Article 1.5, Sections 10170.1 through 10170.15

Title 4, Division 15

California Code of Regulations

INTRODUCTION

The California School Finance Authority (Authority) is organized and operated pursuant to the California School Finance Authority Act (Act) under sections 17170 through 17199.5 of the Education Code.

Pursuant to Education Code, Section 47614.5, the State Legislature directed the Authority to commence administration of the Charter School Facility Grant Program (Program or SB 740) with the 2013-14 fiscal year and to adopt regulations to implement the statute. Effective July 1, 2013, the Authority initiated administration of the Program, and pursuant to Section 47614.5(m), the Authority amended regulations through the Office of Administrative Law's Regular Rulemaking on August 6, 2014 (OAL Regulatory Action #2014-0625-01C). The Authority adopted emergency regulations through the Office of Administrative Law's (OAL's) Emergency Rulemaking procedures, and such emergency regulations were approved by OAL on March 27, 2015 (OAL Regulatory Action # 2015-0417-01E). In addition, the Authority adopted an emergency readopt of the emergency regulations to OAL pursuant to Government Code, Section 11346.1(h) and such readopt emergency regulations were approved by OAL on October 26, 2015 (OAL Regulatory Action # 2015-1015-03EE). In addition, the Authority adopted an emergency readopt of the emergency regulations to OAL pursuant to Government Code, Section 11346.1(h) and such a second readopt emergency regulations were approved by OAL on January 26, 2016 (OAL Regulatory Action # 2016-0114-03EE).

The Authority submitted the regular rulemaking file on January 14, 2016 (OAL Regulatory Action # 2016-0114-01S) to amend the Program's existing regulations. At the request of the OAL, the Authority withdrew the regular rulemaking file on February 29, 2016, with the intention to issue a 15-Day Notice for Availability of Documents and Information as a result of additional changes made to the Initial Statement of Reasons (ISOR). At the completion of the 15-Day Notice, the Authority shall resubmit the regular rulemaking file, as revised, including revised Initial Statement of Reasons and Final Statement of Reasons. The Authority is proposing permanent regulations through OAL's permanent rulemaking process and through submission of a Certificate of Compliance.

Pursuant to Education Code, Section 47614.5(f), the Program provides assistance to charter schools with the following: "costs associated with facilities rents and leases, consistent with the definitions used in the California School Accounting Manual (CSAM) or regulations adopted by the California School Finance Authority. These funds also may be used for costs, including, but not limited to, costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, improving sites and common area maintenance (CAM)."

1. Specific Purpose, Necessity, Administrative Requirement or Other Condition or Circumstance That the Regulation is Intended to Address (Section-by-Section Analysis)

Section 10170.2: "Definitions"

The Act sets forth the definitions of certain terms. This section sets forth definitions of key terms used in the regulations: expanding the Applicant, First Year Charter School, Free or Reduced-Priced Meal Eligibility (FRPM Eligibility), a new definition to Average Daily Attendance (ADA), and an Invoice Report.

Average Daily Attendance (ADA) and California Longitudinal Pupil Achievement Data Systems (CALPADS) are criteria used to determine school funding and eligibility. CALPADS data is used because it is data collected and certified by the California Department of Education. The Authority uses CALPADS as a determining criteria in other programs that it administers, including the State Charter School Facilities Incentive Grants Program, where it has proven to be a reliable data source. The clarifying definition for FRPM based on the greater of two data points reported by CALPADS enhances the opportunity for applicants to meet the program eligibility requirements and ensures uniform application of the Authority's methodology in determining eligibility based on FRPM.

The Invoice Report is an electronic document supplied by the Authority and used by charter schools to itemize and submit receipts for reimbursement of eligible additional cost invoices. Schools are permitted to submit additional cost invoices at the end of the fiscal year. The information submitted on the invoice report is required as proof of the additional costs for which the school is seeking reimbursement. Introduction of the Invoice Report will greatly streamline the evaluation of additional costs during the final award evaluation, as schools previously submitted paper or scanned invoices, which staff had to categorize, review, and enter electronically into a spreadsheet before reviewing to determine the final award amount.

The definitions are necessary to provide clarification of key terms used in the regulations and to ensure uniform application of the regulations.

A revised Charter School Facility Grant Program Application CSFA Form 740-01 (Rev. 10/23/15) includes a checklist, related parties questionnaire, and Charter School Certification. The checklist aids in the application processing, the additional related party's questions provide information for applicant review, and the Charter School Certification is required for all Authority grantees. The additional information allows the Authority to vet applications and award grants to the most qualified applicants.

Section 10170.3: "Eligible Applicant"

This section amends Applicants eligibility to participate in the Program and to meet certain minimum requirements. The Charter School meets one of the following criteria: (c) in the case of a first year charter, there is evidence that a charter petition has been submitted for approval to the Chartering Authority. (d) The Charter School meets one

of the following criteria: (1) fifty- five percent (55%) or more of the student enrollment at the charter school site must be eligible for free or reduced-price meals; or (2) the charter school site for which grant funds are requested must be physically located in an attendance area of a public elementary school that has fifty-five percent (55%) or more of its students eligible for free or reduced-price meals pursuant to Education Code, Section 47614.5(c); (3) First Year Charter Schools not operational in the prior year shall be eligible in the current year if the school meets the FRPM Eligibility requirements based on current year data; (4) In the 2015-2016 fiscal year, the Authority may conduct an additional funding round; (5) In all subsequent funding rounds, all schools shall adhere to application dates outlined in section 10170.5.

The proposed changes within this section are necessary, in part, to comply with statutory requirement (AB 104) which lowered the seventy percent (70%) FRPM eligibility threshold to fifty- five percent (55%) FRPM. The new FRPM expanded the pool of charter schools eligible to participate in the Program. Because the 2015-16 application period closed on June 1, 2015, an additional funding round is necessary to accommodate schools made eligible by AB 104. Going forward, the Authority intends to adhere to established application dates for program consistency.

In section (e) the Charter School, educational management organization, or charter management organization is not in default with the requirement of all other programs administered by the Authority.

The Authority administers the following programs: 1) Charter School Facilities Program (CSFP); 2) Charter School Facilities Credit Enhancement Grant Program (Credit Enhancement); 3) State Charter School Facilities Incentive Grants Program (Incentives); 4) Charter School Revolving Loan Fund (CSRLF); and 5) Conduit Bond and Note Program, in addition to the Charter School Facility Grant Program. Administering several different programs allows the Authority to ensure that schools remain in good standing and compliance, i.e., not in default, across programs to be deemed eligible for funding through other programs. Compliance across programs encourages schools and school operators to adhere to program requirements, such as making timely loan or other payments, in one or more programs to remain eligible under other programs administered by the Authority.

In section (f) The charter school is in good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant. The Authority will rely on information from the chartering authority only regarding the school's good standing and compliance with the terms of its charter. Charter schools may appeal any response by the chartering authority's staff directly to the chartering authority's governing board. It shall be the charter school's responsibility, and not the Authority's, to ensure that the good standing and compliance response letter is received by the stated deadline.

The Authority administers several programs which require program participants to remain in good standing with their charter authorizer as a condition of continued Program eligibility. The addition of this Section is intended to ensure that schools receiving funding are in good standing and in compliance with the terms of their

charters. As most of our programs are oversubscribed, a qualitative criteria such as good standing helps ensure that these coveted public funds are going to schools that are meeting local thresholds by their oversight agent.

Section 10170.4: "Eligible Costs"

This section amends current regulations consisting of general language related to eligible and ineligible costs. The proposed amendments provide more explicit language regarding eligible and ineligible costs for charter schools. Our history of program administration, especially the analysis of 2013-14 "true-up" invoices, indicated a need for more descriptive eligible and ineligible cost language.

In this *Section (a) eligible costs*.

(1) costs associated with facility rents or leases as evidenced by an executed rental or lease agreement; (2) costs associated with the facility included, but not limited to, remodeling building, deferred maintenance, initially installing or extending service systems and other built-in equipment, or improving sites; and CAM. These charges are based on the charter school's use of the facility, limited to maintaining and repairing the facility and its common areas.

Stakeholders requested language clarifying CAM costs. At the March 11, 2015 Authority board meeting, CAM charges were explicitly approved to help schools maximize the grant award allowable by ADA. In previous years the eligibility of CAM charges were a source of confusion for charter schools. Examples of CAM charges include, but are not limited to, janitorial services, landscaping, utilities and other facility expenses associated with the maintenance of the leased facilities for charter school use.

(3) costs described in sections (a)(1) and (a)(2) are associated with portions of school district or county office of education facilities that are not existing school district or county office of education facilities or are not reasonably equivalent facilities received from their charter authorities. The section provides clarifying language regarding a category of eligible costs under SB 740 related to district facilities.

(4) costs associated with a ground lease as evidenced by an executed rental or lease agreement where there is no existing district facility on the ground being leased. The added language clarifies the instances in which a ground lease is an eligible cost under SB 740.

In this *Section (b) ineligible costs*

Grant funds may not be apportioned for any of the following: (1) units of average daily attendance generated through nonclassroom-based instruction; (2) facility rent and lease costs associated with a charter school's occupancy of existing district or county office of education facilities; and (3) facility rent and lease costs associated with a charter school's occupancy of reasonably equivalent facilities from their chartering authorities

The changes to Section (b)(1)-(3) describes ineligible costs under the Program.

In addition, this section has added language setting forth that Program funds may not be applied to (b)(4) costs incurred to meet a Charter School's local match obligation for charter school facilities that receives funds pursuant to the CSFP.

The CSFP is a program in which the state provides charter schools with a fifty percent (50%) grant toward the cost of a permanent charter school facility, and the charter school obligated to cover the remaining fifty percent (50%) through a local match. SB 740 provides reimbursement for facility rent and lease costs up to seventy five percent (75%) of ADA. Allowing schools to receive a second grant to fund the same project could be deemed as "double dipping". The addition of this language clarifies that CSFP local match payments as ineligible costs under SB 740. Additionally, under CSFP, either the charter school or the school district owns (holds title to) the CSFP project. Under either ownership structure, facility costs for schools owned by charter schools or school districts are not eligible for funding under the SB 740 program.

In addition (b)(5) identifies "instructional costs" as ineligible costs including, but not limited to, salaries and benefits paid to teachers; instructional aides; the educational management organization or charter management organization responsible for managing the Charter School, or chartering authority; and existing district personnel.

CSAM defines instructional costs as those costs directly to instructional programs. Examples include the salaries and benefits of teachers and instructional aides, payments for textbooks and instructional supplies, travel and conference expenses for all employees in the instructional programs, and payments for the repair, maintenance, acquisition, and replacement of instructional equipment. Instructional costs are always direct-charged to a specific goal. The clarification was necessary to help charter schools understand which invoices to submit for reimbursement as CAM. SB 740 is a facility grant program, not an operational or instructional grant program.

In addition, (e) where an application is for multiple school sites, each site's eligibility and costs will be evaluated separately. The ADA applied to the determination of the grant, as described in section (d), shall only be based on eligible site(s).

Charter schools are able to submit a single application for multiple school sites, some of which may be eligible and some ineligible for an award. For Example, a district facility may house a portion of a school's students. The Authority analyzes ADA data for each eligible school site and determines each site's award. Each eligible site's ADA is totaled to determine the school's total award. The Authority added the clarifying ADA requirement to clarify to schools with multiple school sites how the Authority calculates the final award in the case of sites with mixed eligibility.

The provisions within this section are necessary to clarify the eligible uses of the Program funds, outline those uses that are expressly ineligible, clarify that Grant funds must be expended and liquidated within the guidelines of this Article and the Program.

Section 10170.5: "Application Submission"

This section sets forth requirements pertaining to Application submission, including, but not limited to, due date and time, submission of acceptable documents, the development of an online application, and an additional 2015-16 funding round in January 2016.

The Application (CSFA Form 740-01, revised October 23, 2015), incorporated by reference, is necessary for Applicants to set forth basic information regarding the Applicant organization; authorizing board adoptions; charter school facilities, and list of Current Board Members, Board of Directors, or Governing Board of Charter Schools on behalf of which they are applying. For purposes of ensuring the Authority's appropriate processing, the Application requests information relating to minimum eligibility based on FRPM pursuant to Education Code, Section 47614.5(c).

Form 740-01 was revised for the 2015-16 Application submission. The previous form was somewhat unclear, causing delays in the application vetting and thus schools' initial disbursements. A formal vetting process was established to streamline application reviews to the extent Form 740-01 did not provide the information necessary for a complete application review. Charter schools are requested to complete the following sections: a Checklist, Charter School Information, Eligibility, Related Parties, Legal Status Questionnaire and Charter School Certification. The checklist allows the Authority to complete an initial cursory review of the application to identify any missing information that would delay the application review. The Charter School Information page was reformatted for improved readability. Language in the Eligibility section was updated to reflect the revised eligibility requirements in Section 10170.3. The Related Parties Section requests information to help the Authority ensure that the Applicant is clear of conflicts of interest. Specifically, the Application requests information regarding the owner of property and whether there is any relationship with the charter school, or any employee or officer of the charter school's governing body. The Legal Status Questionnaire was added for program consistency with both Incentives and CSRLF. The Charter School Certification reformatted for improved readability.

The provisions are necessary for the following reasons: (1) to make the Application in April with a deadline of five weeks from the release date; (2) charter schools may submit documents via hard-copy, CD Rom or flash drive, except for the Application (CSFA Form 740-01) which must be submitted via hard-copy with original executed signatures; (3) development of an online application and clarification of all supporting documents and (4) adding an additional funding round for the 2015-16 program in January 2016 pursuant to Education Code, Section 47614.5(c).

The application release date is set for the month of April with a deadline five weeks from the application release date. The proposed language provides flexibility to the Authority to implement future regulation changes and OAL approvals. The 2015-16 application closed on June 1, 2015, which excluded schools made newly eligible under AB 104. To accommodate newly eligible schools, the Authority added an additional funding round.

The provisions are necessary to provide guidance to the charter school community regarding the expansion of the program, and provide information about applying for funding under the new funding round.

Section 10170.6: "Content of Application"

This section sets forth the specific documentation that is required for a Program Application to be considered complete while providing the Authority with the discretion to request additional documentation when deemed necessary.

The provisions within this section are necessary to apprise Applicants of the specific information needed by the Authority to make Program award determinations. In section: (a) the Application shall include a completed Legal Status Questionnaire, signed by the Applicant certifying the data and information is true and correct and the charter will continue to comply with state and federal laws and (b) a copy of the Authorizing Board adoption.

The Legal Status Questionnaire was added for program consistency with both the Incentives and CSRLF. A copy of the Authorizing Board adoption is required to confirm the validity of the Applicant's charter.

(d) charter schools requesting reimbursement for common area maintenance charges shall submit an Invoice Report no later than July 15 of the applicable Fiscal Year, (2) an Invoice Report as provided by the Authority detailing the costs to be reimbursed by the Authority.

At the March 11, 2015 Authority board meeting, CAM charges were explicitly approved to help schools maximize the grant award allowable by ADA. In previous years the eligibility of CAM charges were a source of confusion for charter schools. Examples of CAM charges include, but are not limited to, janitorial services, landscaping, utilities and other facility expenses associated with the maintenance of the leased facilities for charter school use.

Statute allows schools to receive seventy five percent (75%) of the annual facilities rent or lease costs for the charter school. CAM charges are categorized as facility costs. The final award calculation combines rent and lease facility costs, remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, improving sites and CAM charges with the final award calculated at seventy five percent (75%) of facility cost. Charter schools are capped at seventy five percent (75%) of ADA thus allowing the schools to submit CAM expenditures will help charter schools maximize their grant award.

The Invoice Report is an electronic document supplied by the Authority and used by charter schools to itemize and submit receipts for reimbursement of eligible additional cost invoices. Schools are permitted to submit additional cost invoices at the end of the fiscal year. The information submitted on the invoice report is required as proof of the additional costs for which the school is seeking reimbursement. CDE provides the final ADA figures for each grantee at the end of the fiscal year. The determination for

the July 15th date allows eligible schools to collect and submit all other cost invoices for a comprehensive review.

First Year Charter schools shall submit supporting documentation listed in sections (e) (1)-(3) as they are made available. Grant funds will not be disbursed until items (1),(2), and (3) have been received by the Authority. (3) A Charter School 20 Day Attendance Report shall be submitted within 20 days of Initial California Department of Education application submission date.

A provision regarding return of funds states (f) the Authority shall be entitled to the return of all grant funds from an Applicant if it is determined that the Applicant failed to provide complete and accurate information, or provided misleading information, that resulted in the disbursement of grant funds for which an Applicant is not eligible.

These provisions ensure that applicants provide all relevant information the Authority has deemed necessary to make eligibility determinations and identify eligible costs. if an applicant received grant funds as a result of an incomplete application or due to misrepresentations made during the application process the Authority will have means to seek a return of those grant funds.

Section 10170.7: "Estimated Annual Entitlement Calculation"

This section clarifies the basis by which the Authority will determine an Applicant's Annual Entitlement. The sections with changes are explained below.

Section (b) provides that for each eligible Charter School, the Authority will determine the Estimated Annual Entitlement, pursuant to section 10170.4(d), based on facility rent and lease costs only. Section (c) provides that the Estimated Annual Entitlement Calculation shall not include reimbursement of invoices as defined by 10170.4(a)(2). Section (e) provides, for a first year charter school or a charter school that moves from an ineligible to an eligible facility pursuant to Section 10170.5(b), or charter school that does not have Prior Year enrollment data, the Authority will make a determination of Estimated Annual Entitlement within 30 days of receipt of a complete Application and enrollment data from the Department of Education. Section (f) provides that, for Charter Schools that do not have Prior Year enrollment data, the Authority shall base the units of ADA on 90% of the school's enrollment as reported in the Charter School 20 Day Attendance Report pursuant to section 10170.6(e)(3).

The changes within this section are necessary to clarify the Authority's methodology for determining the Estimated Annual Entitlement based on documentation of estimated rent and lease facility costs.

Section 10170.8: "Final Fiscal Year Entitlement Calculation"

This section clarifies the basis by which the Authority will make its final fiscal year entitlement calculations and eligibility determinations based on final and actual rent, lease or additional facility costs submitted by an invoice for the fiscal year pursuant to

Section 10170.4(a) and final ADA data. The sections with changes are explained below.

Section (c) provides that pursuant to Section 10170.9(e), the Authority shall consider invoices for additional facility costs based on criteria set forth at Section 10170.6(d). Section (d) provides that, upon providing final rent and lease facility costs pursuant to section (a), and additional facility costs pursuant to section (c), the Authority shall verify program eligibility and calculate the Final Fiscal Year Entitlement pursuant to Section 10170.4(d).

The changes within this section are necessary to clarify the Authority's methodology for determining the Final Fiscal Year Entitlement for eligible Applicants based on verifiable data rather than estimates.

Section 10170.9: "Apportionment of Grant Funds"

This section clarifies the timing and basis for each of three apportionments in relation to a Final Fiscal Year Entitlement as well as the conditions under which a notice for reimbursement for overpayment is necessary. The section also sets forth the requirements for submission of evidence and added CAM as a reimbursable cost.

The changes to section (e) clarify that, if reimbursement for invoices pursuant to Section 10170.4(a)(2) is requested, such costs will be incorporated into the final apportionment, where applicable.

The addition of section (f) provides the methodology regarding how the Authority will determine pro rata as required by statute 47614.5(b). In any fiscal year, if funds appropriated for this Section by the Annual Budget Act are insufficient to fully fund the approved amounts, the Authority shall apportion the available funds on a pro rata basis. The award calculation uses previous year's ADA and previous year's rent/lease costs unless current year's rent/lease costs are available at the time of submission. For Charter School's that do not have Prior Year enrollment data, the Authority shall calculate the pro-rated award pursuant to section 10170.7 to the extent the program is oversubscribed.

The changes to section (h) provide that, prior to disbursement of funds for costs associated with CAM charges, the Grantee shall complete an Invoice Report, provided by the Authority, as well as submit supporting documents to the Authority by July 15 of the applicable fiscal year. In addition, the Authority made non-substantive changes to existing text. The added language includes CAM costs as eligible costs. Examples of CAM charges include, but are not limited to, janitorial services, landscaping, utilities and other facility expenses associated with the maintenance of the leased facilities for charter school use.

Statute allows schools to receive seventy five percent (75%) of the annual facilities rent or lease costs for the charter school. CAM charges are categorized as facility costs. The final award calculation combines rent and lease facility costs, remodeling buildings, deferred maintenance, initially installing or extending service systems and

other built-in equipment, improving sites and CAM charges with the final award calculated at seventy five percent (75%) of facility costs. Charter schools are capped at seventy five percent (75%) ADA thus allowing the schools to submit CAM expenditures will help charter schools maximize their grant award.

The Invoice Report is an electronic document supplied by the Authority and used by charter schools to itemize and submit receipts for reimbursement of eligible additional cost invoices. Schools are permitted to submit additional cost invoices at the end of the fiscal year. The information submitted on the invoice report is required as proof of the additional costs for which the school is seeking reimbursement. CDE provides the final ADA figures for each grantee at the end of the fiscal year. The determination for the July 15th date allows eligible schools to collect and submit all other cost invoices for a comprehensive review.

The changes within this Section are necessary to clarify that additional reimbursement for costs of common area maintenance will be considered upon completion of an Invoice Report submitted to the Authority by July 15th. The changes are also necessary to clarify the basis for reimbursement in the event that the program is oversubscribed based on the criteria of ADA and facility costs, and in accordance with Education Code, Section 47614.5(b).

Section 10170.10: "Notification of Grantee; Appeal Process"

This section provides clarification to Grantees about their right to appeal the Authority's estimated annual entitlement calculation, and a description of the Authority's appeals process.

The provisions within this section are necessary to assist Grantees in understanding the process by which they may appeal the Authority's estimated annual entitlement calculation. More specifically, the provisions are necessary to ensure adequate consideration of Grantees' requests through an appeals process. The Authority has established a 30-day process for review in order to ensure sufficient time for thorough consideration while at the same time ensuring timely resolution.

Section 10170.11: "Obligation and Expenditure of Grant Funds"

In this section a non-substantial change was applied to change Free and Reduced Price Meal to FRPM.

Section 10170.12: "Approval of Grant Use Change"

In this section a non-substantial change was applied to change use to Use.

2. Technical, Theoretical, and/or Empirical Study, Reports, or Documents

The Authority did not rely upon any technical, theoretical or empirical studies, reports or documents in proposing the regulations.

3. Reasonable Alternatives to the Amendments to the Regulations and the Agency's Reasons for Rejecting those Alternatives

No other alternatives to the regulations were presented to or considered by the Authority.

4. Reasonable Alternatives to the Proposed Regulatory Action that would Lessen any Adverse Impact on Small Businesses

The Authority has not identified any adverse impacts nor have any adverse impacts otherwise been identified and brought to the attention of the Authority that would affect businesses. In fact, the adoption of these regulations could result in greater opportunities for expansion for charter school facilities throughout the state since the intent of the Program is to assist California charter schools in meeting their facility needs.

5. Description of Efforts to Avoid Conflict with and Duplication of Federal Regulations

Not applicable. The Authority is not a Department, Board, or Commission within the Environmental Protection Agency, the Resources Agency, or the Office of the State Fire Marshall.

6. Economic Impact Assessment

- a. The proposed regulations will unlikely have an impact on the creation or elimination of jobs within the State of California. In addition, the Authority is unaware of any reason providing Grant funds to awardees would result in the elimination of jobs. The purpose of the proposed regulations is to set forth administrative criteria and requirements for administering a Grant program that will disburse funds to existing charter schools in need across the State of California for per pupil facilities funding. There are no provisions within the proposed regulations which place additional burdens, obligations, or expenses on existing businesses such that jobs would be created or eliminated as a result.
- b. The proposed regulations will unlikely have an impact on the creation or elimination of new businesses within the State of California. As noted above, the purpose of the proposed regulations is to set forth administrative criteria and requirements for administering a Grant program that provides per pupil facilities funding to existing charter schools in need. There are no provisions within the

proposed regulations which place additional burdens, obligations, or expenses on existing businesses such that businesses would be created or eliminated as a result.

- c. The proposed regulations will unlikely have an impact on the expansion of businesses currently doing business within the State of California. The purpose of the Grant and proposed regulations is to set forth administrative criteria and requirements for administering a Grant program that will provide per pupil facilities funding to existing charter schools.
- d. The proposed regulations are intended to provide per pupil facilities funding to existing charter schools in need, especially serving communities with low-income households. As such, to the extent that the awards benefit the long-term viability of charter schools, the Program and its proposed regulations have the potential to directly benefit economically vulnerable populations and communities throughout the State.

7. Problems and Benefits

The Authority has emergency regulations for the Program, but they must be made permanent in order to effectively administer the Program on an ongoing basis. Without permanent regulations, the Authority does not have uniform standards and guidelines to administer the Program and ensure that Applications are evaluated in a consistent and fair manner, and Applicants do not have guidelines to direct them through the Application process.

The benefits of the proposed regulations are to ensure the Authority has uniform standards, internal controls, and guidelines to ensure consistent and effective administration of the Program, the public understands the expectations of the Program, and the Program targets charter schools that are most in need in accordance with the Program's intent.

EXHIBIT 5

**CHARTER SCHOOL FACILITIES PROGRAM
MEMORANDUM OF UNDERSTANDING**

By and Among:

The State of California

And

**Today's Fresh Start Charter School,
a California Charter School**

ARTICLE I – PURPOSE

- A. This Memorandum of Understanding ("MOU") is made and entered into as of 3/3/11 ("Effective Date") by and among the State Allocation Board and the California School Finance Authority (individually or collectively referred to as the "State"); and the charter school identified above, a California Charter School operating as a non-profit public benefit corporation, in accordance with Education Code Section 47604 ("Charter School"). The provisions of this MOU shall be effective from and after the Effective Date and shall continue until all duties and obligations of the parties, as stated in this MOU, are carried out.
- B. The Charter School has applied to the State for financing of its charter school facilities project ("Project") under the Charter School Facilities Program ("CSFP") established pursuant to Article 12 of Chapter 12.5 of Part 10 of the California Education Code and the regulations for its implementation provided in Title 4, Cal. Code Regs., Section 10151, et seq., and Title 2 Cal. Code Regs., Section 1859.160, et seq., attached hereto and incorporated by reference. A copy of the Charter School's Financial Soundness Review Summary is attached hereto as Exhibit A and incorporated herein by reference as a means of defining the Project.
- C. In accordance with the CSFP, the State is the lender of certain monetary funds to the Charter School to enable the Charter School to acquire real property and/or construct improvements thereon. This loan transaction is set forth in the Funding Agreement.

This Memorandum of Understanding and the Funding Agreement set forth the entire agreement between the parties regarding the loan of funds and use of the real property pursuant to the CSFP. There are no understandings, agreements, representations, or warranties, express or implied, not specified herein regarding this Memorandum of Understanding and the Funding Agreement provided, that in the event any portion of the Memorandum of Understanding and/or the Funding Agreement is held unenforceable by a court of competent jurisdiction, the remainder of the applicable agreement shall remain in full force and effect and shall not nullify the intent of the CSFP.

- D. This MOU is being entered into in accordance with the requirements of the CSFP. To the extent the MOU is inconsistent or in conflict with the provisions of the CSFP and the implementing regulations, the CSFP and implementing regulations shall prevail.

ARTICLE II – FINANCING OF THE CHARTER SCHOOL'S PROJECT

2.1 Fifty Percent Local Matching Share

- A. The Charter School's Application for final apportionment for the Project has been approved by the State. The Charter School's Apportionment ("Apportionment") is contingent upon the Charter School paying its 50% Local Matching Share obligation, which will be paid to the State by way of payments pursuant to the Funding Agreement.
- B. The Charter School's Application for a Preliminary, Advance, or Final Apportionment for the Project has been approved by the State. The State will provide as a grant funding for fifty percent (50%) of the approved costs for the Project, and the Charter School will be responsible for fifty percent (50%) of the approved costs for the Local Matching Share for the Project. The Final Apportionment Amount will be reduced by any amounts received by the Charter School through an Advance Apportionment(s). The amounts of the Preliminary, Advance and Final Apportionments are set forth in Exhibit B to this MOU.
- C. The Charter School will receive initial funding from the State for the Local Matching Share, less any lump sum payments made by, or on behalf of, the Charter School.

2.2 Conditions for Release of Funding

The following conditions must be satisfied before the State will release funding:

- A. The Charter School has complied with all funding release conditions contained in Article 2.2 of the Funding Agreement.
- B. The Charter School agrees to utilize its apportionment for purposes consistent with the CSFP, and consistent with the purposes for which it was approved.
- C. Each party is duly authorized to enter, deliver, and perform this Memorandum of Understanding and the Funding Agreement to the other party.
- D. The Charter School shall provide proof satisfactory to the State that all liens and encumbrances that may arise from the construction of the Facilities have been released and/or satisfied.
- E. The Charter School shall provide to the State for its review and acceptance a title report and a copy of each instrument listed in said title report. The title report shall be issued no more than 30 days prior to the date of submittal.
- F. The Charter School shall provide to the State for its review and acceptance an American Land Title Association ("ALTA") survey, which together with (3) above, shall be sufficient for the Charter School, at its sole cost and expense, to obtain an ALTA lender's policy for the benefit of the State, which has remainder interests in the property.
- G. The Charter School shall provide to the State for its review and files a copy of the original Final California Department of Education ("CDE") approval or Final CDE approval subject to waivers and/or exemptions to the use of real property as a school facility; provided, that if CDE has provided the Charter School any waivers and/or exemptions the Charter School shall obtain from CDE a valid assignment of such waivers and/or exemptions. The purpose of the assignment is to insure that the conveyance of fee title from the Charter School to the School District through the remainder interest will not result in a situation whereby the Facilities then become non-compliant because of the transfer of fee simple title to the School District due to those requirements and standards that are typically imposed upon the School District.
- H. The Charter School shall provide to the State for its review and files the original "No Further Action" or "Further Action Letter" from the California Department of Toxic Substance Control ("DTSC"); provided, that if DTSC has issued a Further Action Letter, the Charter School shall document that all requirements of the Further Action Letter have been satisfied.

- I. The Charter School shall provide to the State for its review and files the final approval issued by DTSC for the final Preliminary Environmental Assessment ("PEA") for the real property, if applicable.
- J. Pursuant to the provisions in Education Code Section 17199.4, the charter school's governing board approves the use of the intercept mechanism to make CSFP payments to the State. Evidence of filing of the intercept notice pursuant to 17199.4 in a form satisfactory to the Authority.

2.3 Charter School Facilities

- A. The Charter School's Project includes the real property and all improvements, repairs, replacements, substitutions, and modifications located or to be constructed on the property, and built or acquired with State funds, as described in its application for funding under CSFP ("Facilities").
- B. The Charter School's Facilities are located at Los Angeles County, California, and is more particularly described in "Exhibit D" of the Funding Agreement, attached hereto.
- C. The Facilities are physically located within the geographical jurisdiction of the Inglewood Unified School District and the school attendance area generating eligibility for funding, if applicable.
- D. The Charter School has satisfied itself as to the suitability of the Facilities by its own inquiries and tests. The Charter School shall, by entering into and occupying the Facilities, be deemed to have accepted the Facilities and to have acknowledged that they are in good order, condition and repair.
- E. The State and/or the School District shall not have any obligation for construction work or improvements on or to the Facilities. The Charter School has made a thorough and independent examination of the Facilities and all matters related to its decision to enter into this Agreement. The Charter School is thoroughly familiar with all aspects of the Facilities and is satisfied that they are in an acceptable condition and meet its needs. The Charter School is solely responsible for identifying the real property, evaluating the condition of the title and suitability of the land for the Charter School's intended purpose, and negotiating and closing the acquisition of the real property. In addition, the Charter School is solely responsible for the construction of all improvements, repairs,

replacements, substitutions, and modifications located or to be constructed on the real property.

2.4 Payments

- A. The Charter School shall make payments to the State, as provided in the Funding Agreement in satisfaction of the requirements of the CSFP.
- B. This Memorandum of Understanding and the Funding Agreement shall not be deemed to constitute a debt or liability or obligation of the State, the School District, or any political subdivision thereof, or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof, but shall be a special obligation payable solely from the payments made by the Charter School. The obligation to make payments does not constitute an indebtedness of the Charter School, within the meaning of any constitutional or statutory debt limitation or restriction and in all cases shall be made solely from legally available funds.
- C. Pursuant to the provisions in Education Code Section 17199.4, the charter school's governing board approves the use of the intercept mechanism to make CSFP payments to the State.

ARTICLE III – SECURITY PROVISIONS

- A. The Charter School will obtain good, absolute and marketable title to the Project in fee simple, free and clear of any mortgage, deeds of trust, liens (monetary or otherwise), claims, charges or other encumbrances or matters of any nature whatsoever other than those included in any other provisions of this Agreement upon satisfaction of all of the following conditions:
 - (1) If the funding shall be used to acquire real property, the Charter School, at its sole cost and expense, shall structure the closing of the escrow for the acquisition of the real property for a conveyance of title from the seller to the Charter School, and simultaneously in the same closing of escrow, provide that a lien on behalf of the State Allocation Board, a restrictive covenant and remainder interest on behalf of the Inglewood Unified School District and subsequently the State Allocation Board as more particularly described in this agreement. If the Charter School fails to meet this requirement, the Charter School will be in default of this Agreement.

- (2) The Charter School shall provide proof satisfactory to the State that all liens and encumbrances that may arise from the construction of the Facilities have been released and/or satisfied.
- (3) The Charter School shall provide to the State for its review and acceptance a title report and a copy of each instrument listed in said title report. The title report shall be issued no more than 30 days prior to the date of submittal.
- (4) The Charter School shall provide to the State for its review and acceptance an American Land Title Association ("ALTA") survey, which together with (3) above, shall be sufficient for the Charter School, at its sole cost and expense, to provide the State with an ALTA lender's policy for the benefit of the State, which has remainder interests in the property.
- (5) The Charter School shall provide to the State for its review and files the original Final California Department of Education ("CDE") approval or Final CDE approval subject to waivers and/or exemptions to the use of real property as a school facility; provided, that if CDE has provided the Charter School any waivers and/or exemptions the Charter School shall obtain from CDE a valid assignment of such waivers and/or exemptions. The purpose of the assignment is to insure that the conveyance of fee title from the Charter School to the School District through the remainder interest will not result in a situation whereby the Facilities then become non-compliant because of the transfer of fee simple title to the School District due to those requirements and standards that are typically imposed upon the School District.
- (6) The Charter School shall provide to the State for its review and files the original "No Further Action" or "Further Action Letter" from the California Department of Toxic Substance Control ("DTSC"); provided, that if DTSC has issued a Further Action Letter, the Charter School shall document that all requirements of the Further Action Letter have been satisfied.
- (7) The Charter School shall provide to the State for its review and files the final approval issued by DTSC for the final Preliminary Environmental Assessment ("PEA") for the real property, if applicable.
- (8) The Charter School shall provide to the State for its review and files the final approval of any applicable Federal, State, City or County agency necessary for the acquisition and construction of the Project, and the operation of the Facilities for an educational program conducted by the Charter School. As an example, and not

as means of limitation, a charter school may require approval from the California Coastal Commission if a project will be located within its jurisdiction.

- B. Any person or entity providing a substantial contribution that is applied to the costs of the Project in excess of the state share and the local matching share may be granted a security interest, as approved and memorialized in a written instrument executed by the State, to be satisfied from the proceeds, if any, realized when the property is ultimately disposed of. If the contribution was made for the explicit purpose of purchasing any asset with a normal life expectancy of less than twenty years, the security interest will be adjusted to reflect the depreciation of the assets. Contributions used solely to assist the applicant in meeting its local matching share shall not be entitled to a security interest. Where a contribution results in total project funding beyond the state and local matching shares, the contributor's security interest shall be limited to the amount in excess of the state share and local matching share.
- C. If a default occurs and all payments and penalties have not been made, the security interest of any person or entity providing a substantial contribution to the costs of the Project shall be satisfied only after the account is reimbursed for any remaining unpaid local matching share and the State has been reimbursed for any costs and expenses incurred, if any, as the result of such default.

ARTICLE IV – DEFAULT AND REMEDIES

4.1 Events of Default

The occurrence of any of the following shall constitute a "Default" or "Event of Default":

- A. Failure by the Charter School to commence to use and occupy the Facilities for the operation of a charter school within one year of receiving the Certificate of Occupancy.
- B. Failure by the Charter School to make any payment when due, and such failure continues for a period of thirty (30) calendar days after receiving written notice by the State;
- C. Failure by the Charter School to maintain insurance on the Facilities or to provide reasonable evidence of insurance as required by the Funding Agreement and the Use Agreement, and where such failure continues for a period of thirty (30) calendar days after receiving written notice by the State;

- D. Failure by the Charter School to provide reasonable evidence of compliance with all requirements whether expressly stated in this Memorandum of Understanding, the Funding Agreement, or otherwise imposed by the State under the CSFP or other applicable law, or failure to observe or perform any other applicable covenant, condition or agreement, where such failure continues for thirty (30) calendar days after receiving written notice of the failure. If thirty (30) calendar days is insufficient, and the Charter School has instituted corrective action, the State, in its discretion, may extend this period up to one hundred and eighty (180) calendar days;
- E. The Charter School shall be or become insolvent, or admit in writing its inability to pay its debts as they mature, or make an assignment for the benefit of creditors; or the Charter School shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such receiver, trustee or similar officer shall be appointed without the application or consent of the Charter School, as the case may be, where possession is not restored in sixty (60) calendar days; or the Charter School shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or otherwise) against the Charter School (unless, in the case of a petition filed against the Charter School, the same is dismissed in sixty (60) days) or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the Charter School's Facilities; provided, however, in the event that any provision of this paragraph is contrary to any applicable law, it shall be of no force and effect, and not affect the validity of the remaining provisions;
- F. The determination by the State that any representation or warranty made by the Charter School was untrue in any material respect when made;
- G. The Charter School's charter is not renewed or is revoked, or the Charter School ceases to use the Facilities for a charter school purpose. Nothing in this section shall affect a Charter School's rights and obligations pursuant to Education Code Section 17078.62 if the Charter School ceases to use the facility after a revocation or non-renewal;
- H. The Charter School entirely abandons the Facilities or fails to cure a breach of the Use Agreement; and/or

- I. If the performance of the payment obligations of the Charter School is guaranteed, the actual or anticipatory failure or inability, for any reason, of the Guarantor to honor the guarantee as required, and the Charter School's failure to provide written alternative assurance or security, which when coupled with the Charter School's then-existing resources, equals or exceeds the combined financial resources that existed at the time this Memorandum of Understanding and the Funding Agreement are executed. The Charter School shall have sixty (60) calendar days following written notice by the State, to provide the written alternative assurance or security.

4.2 Remedies on Default

The parties acknowledge and agree that this Memorandum of Understanding and the Funding Agreement represent a unique situation that is not limited by the standard landlord's remedies provided by Sections 1951.2 and 1951.4 of the California Civil Code. The parties agree that if any Event of Default shall have occurred, any one or more of the following respective remedies, which are not exclusive but cumulative, may be pursued:

- A. If an Event of Default occurs and the Charter School continues to occupy and/or possess the Project, the Charter School shall remain liable for the performance of all of the obligations of the Charter School under and subject to the Funding Agreement, as amended, including, without limitation, the obligation to make payments to the State when due under the Funding Agreement.
- B. If the Event of Default is solely because the School District has revoked or declined to renew the Charter School's charter, in accordance with Section 17078.62(b)(1) of the Education Code, the Charter School shall:
 - (1) have that time period specified in Section 17078.62 of the Education Code, as may be amended, to complete the review process contemplated in Section 47607 or 47607.5 of the Education Code, as may be amended; and
 - (2) so long as the Charter School continues to use and occupy the Facilities, remain liable for the performance of all of the obligations of the Charter School under the Funding Agreement, as may be amended, and the Use Agreement, if applicable, as may be amended, including, without limitation, the obligation to make payments to the State when due under the Funding Agreement.

C. If the Event of Default is solely because the School District has revoked or declined to renew the Charter School's charter, the Charter School shall not be liable under the Funding Agreement or this MOU, as may be amended, on the effective date of the last to occur of all of the following:

- (1) the Charter School completes the review process provided in Section 47607 or 47607.5 of the Education Code, as may be amended, and the Charter School fails to obtain a renewal of its charter, or the Charter School relinquishes all rights to pursue or complete the review process provided in Section 47607 or 47607.5 of the Education Code, as may be amended, and the Charter School notifies the State and the School District of its election; and
- (2) the Charter School vacates the Facilities and relinquishes all right, title, and interest in the occupancy and use of the Facilities under the School District's or State's remainder interest.

D. Upon the occurrence of Subsection C of this Section 4.2, the Facility may be used in its "as is" and "where is" condition by another charter school:

- (1) that the State deems as qualified; and
- (2) whose charter petition is approved and is in good standing with the School District or charter authorizer; and
- (3) that has agreed to a Funding Agreement with the State and a Use Agreement with the School District, if applicable.

E. In the event a successor charter school cannot be identified as provided in Subsection D of this Section 4.2, the School District may take title to the property in accordance with the remainder interest held by the School District and in accordance with Section 17078.62(b)(3) of the Education Code, take possession of and use the Facility as a public school facility; provided, that the School District shall be required to make payment to the State in accordance with Section 17078.62(b)(4) or the payments shall be reduced or eliminated if the School District satisfies the conditions set forth in Section 17078.62(b)(4)(A) and (B). In the event the payments do not qualify for reduction or elimination in accordance with Section 17078.62(b)(4)(A) and (B), the State and the School District shall enter into an agreement for the School District's assumption of the payment obligation under the Funding Agreement. Assumption of the payment obligation shall in no way

release the Charter School from its payment obligations that accrued prior to the termination of the Funding Agreement or from the Charter School's obligations for any holdover; or

- (1) in accordance with Section 17078.62(b)(5) of the Education Code, decline to take possession of the Facilities or if the Facility is no longer needed for public school purposes, the School District shall dispose of the Facilities in accordance with requirements for the disposal of surplus public school sites. The monetary proceeds from the disposal of the Facilities shall be applied in the following priority: (i) reimburse the School District for reasonable costs and expenses incurred by the School District in disposing of the Facilities; (ii) reimburse the State for reasonable costs and expenses incurred by the State in pursuing the collection of the balance of any unpaid Local Matching Share due and owing under the Funding Agreement; (iii) repay any unpaid Local Matching Share in favor of the State; (iv) repay any security interest granted pursuant to Section 17078.57(a)(3)(B); and (v) in the event any proceeds remain, equally prorated between the State and the School District.
- (2) disclaim its remainder interest in the real property in which case the State of California State Allocation Board shall succeed to title owner pursuant to its remainder interest.

F. The State may proceed by appropriate court action to enforce specific performance by the Charter School of its covenants under the Funding Agreement and this Memorandum of Understanding and under the terms of accepting funding under the CSFP, or to recover damages for the breach thereof, including without limitation for the recovery of all past due payments together with interest, penalties and late charges, and all other sums due the State. The Charter School shall pay or repay to the State all costs of such action or court action, including, without limitation, reasonable attorneys' fees and costs.

G. In the event of the Charter School's default and the recovery of the Facilities by the School District, the State shall have the right to recover from the Charter School (i) the amount of all outstanding payments or other obligations (whether direct or indirect owed by the Charter School to the State), if any, which are then due and owing, together with interest and late charges, and (ii) any other amounts due from the Charter School to the State, including indemnity payments, taxes, charges, reimbursement of any advances and other amounts payable by the Charter School to the State.

- H. Notwithstanding anything to the contrary, the State and the Charter School may take whatever action at law or in equity that may appear necessary or desirable to enforce its respective rights with respect to this Memorandum of Understanding or the Funding Agreement, and the party or parties prevailing in the action shall have all of their respective costs of such action or court action, including, without limitation, reasonable attorneys' fees and costs as provided in this Memorandum of Understanding and the Funding Agreement, or as otherwise permitted by law, paid by the parties against whom the action was brought.
- I. No remedy herein conferred upon or reserved to the parties is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Memorandum of Understanding and the Funding Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle either party to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be required under the Agreements. All remedies herein conferred upon or reserved to the parties shall survive the termination of this Memorandum of Understanding or the Funding Agreement.

ARTICLE V – MISCELLANEOUS

5.1 Release of Liability

The State and the School District are hereby released from any and all claims, demands, debts, liabilities, and causes of action of whatever kind or nature, whether known or unknown or suspected or unsuspected which the Charter School or any of the Charter School's employees or agents may have, claim to have, or which may hereafter accrue against the released parties or any of them, arising out of or relating to the Facilities or the Charter School's project, including those in any way connected with any materials or substances defined as hazardous under any applicable statute, ordinance, rule or regulation, presently in, on or under, or now or hereafter emanating from or migrating onto or under the Facilities.

In connection with this release, the Charter School hereby waives any and all rights conferred upon it by the provisions of Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

5.2 Non-waiver

No waiver of any provision of this Memorandum of Understanding, the Funding Agreement and/or the Use Agreement shall be implied by any failure to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver of any provision contained in this Memorandum of Understanding, the Funding Agreement and/or the Use Agreement must be in writing and executed by the applicable parties and will affect only the provision specified and only for the time and in the manner stated in the writing.

5.3 Indemnity

- A. Memorandum of Understanding. To the fullest extent permitted by law the Charter School shall at the Charter School's sole cost and expense with counsel acceptable to the State as applicable, indemnify, defend and hold the School District and the State harmless from and against any and all losses, costs, liabilities, claims, judgments, liens, damages (including consequential damages), actions, causes of action (whether in tort or contract law or equity or otherwise), charges, assessments, fines, penalties and expenses, including, without limitation, reasonable attorneys' fees and costs, and reasonable investigation costs (collectively "Claims"), incurred in connection with or arising from: (a) any breach or default by the Charter School in the observance or performance of any of the terms, covenants or conditions of this Memorandum of Understanding on the Charter School's part to be observed or performed; (b) the construction, operation, maintenance, alteration, use or occupancy of the Facilities by the Charter School; (c) the condition of the Facilities, and any occurrence on the Facilities, from any cause whatsoever, and (d) any acts omissions or negligence of the Charter School or the Charter School's employees, agents or contractors in, on or about the Facilities.
- B. Funding Agreement. The School District is not a party to the Funding Agreement and, as a result, to the fullest extent permitted by law the Charter School shall at the Charter School's sole cost and expense with counsel acceptable to the School District as applicable, indemnify, defend and hold the School District harmless from and against any and all losses, costs, liabilities, claims, judgments, liens, damages (including consequential damages),

actions, causes of action (whether in tort or contract law or equity or otherwise), charges, assessments, fines, penalties and expenses, including, without limitation, reasonable attorneys' fees and costs, and reasonable investigation costs (collectively "Claims"), incurred in connection with or arising from any breach or default by the Charter School in the observance or performance of any of the terms, covenants or conditions of the Funding Agreement on the Charter School's part to be observed or performed.

- C. The Charter School will at all times protect and defend, at its own cost and expense, the title to the Facilities from and against all claims, liens and legal processes of creditors and keep all the Facilities and the title free and clear of all such claims, liens, and processes except for the liens created or expressly permitted under the Agreements and the CSFP.

5.4 Notice.

Any notice required or permitted to be given under this Agreement shall be deemed to have been given, served and received if given in writing and personally delivered or either deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, or sent by overnight delivery service or facsimile transmission, addressed as follows:

If to the State:

**California School Finance Authority
304 S. Broadway, Suite 550
Los Angeles, CA 90013
Attn: Katrina Johantgen**

If to the Charter School:

**Today's Fresh Start Charter School
4514 Crenshaw Blvd.
Los Angeles, CA 90043
Attention: Dr. Jeanette Parker**

Any notice personally given or sent by facsimile transmission shall be effective upon receipt. Any notice sent by overnight delivery service shall be effective the next business day following delivery thereof to the overnight delivery service. Any notice given by mail shall be effective three (3) days after deposit in the United States mail.

5.5 Applicable Law/Integration

This Memorandum of Understanding shall be governed by and construed as a whole in accordance with its fair meaning according to the laws of the State of California. The venue and forum for any action to enforce this Memorandum of Understanding shall be the Superior Court of the State of California in and for the County of Los Angeles. This Memorandum of Understanding represents the sole and entire agreement between the parties and supersedes any and all prior agreements, negotiations, and discussions by and between the parties hereto with respect to the subject matter covered hereby.

5.6 Amendments

- A. The terms of this Memorandum of Understanding may not be waived, altered, modified, supplemented or amended in any manner except in writing, upon the agreement of all of the parties, or except as otherwise permitted by law.
- B. The terms of this Memorandum of Understanding may be amended, or new agreements executed, as necessary, upon the application of the Charter School and the approval by the State of an advance or final apportionment.

5.7 Force Majeure

The time for the State or the Charter School to perform any obligation or assert any right under this Memorandum of Understanding or the CSFP shall be extended on a day for day basis for any Force Majeure event, which shall include but not be limited to: (1) Acts of God or of the public enemy; and (2) Acts of the federal or State government in either its sovereign or contractual capacity.

5.8 Severability

Should any provision of this Memorandum of Understanding be determined to be invalid, illegal or unenforceable in any respect, such provision shall be severed and the remaining provisions shall continue as valid, legal and enforceable.

THE STATE:

STATE ALLOCATION BOARD:

By: 

Name:

Lisa Silverman

Title:

Acting ED

CALIFORNIA SCHOOL FINANCE AUTHORITY:

By: 

Name: Katrina Johantgen

Title: Executive Director

THE CHARTER SCHOOL: Today's Fresh Start Charter School

By: 

Name:

Jeanette Parker

Title:

Superintendent/
Administrator